This “Official Notice of Sale” does not alone constitute an offer to sell the Notes (defined below). This “Official Notice of Sale,” the “Official Bid Form” and the “Preliminary Official Statement” collectively constitute the offer to sell the Notes. Prospective purchasers are urged to carefully examine the “Preliminary Official Statement” and to make investigations they deem necessary to determine the investment quality of the Notes.

OFFICIAL NOTICE OF SALE

$3,010,000*

KERR COUNTY, TEXAS
TAX NOTES, SERIES 2024

Bids Due by: Monday, April 22, 2024 at 10:00 A.M. CDT

THE SALE

Notes Offered for Sale at Competitive Bidding . . . The Commissioner’s Court (the “Court”) of Kerr County, Texas (the “County” or the “Issuer”) is offering for sale at competitive bid its $3,010,000* Tax Notes, Series 2024 (the “Notes”). Bidders may only submit bids for the Notes electronically as described below.

Bids By Internet . . . Interested bidders may, at their option and risk, submit their bid by electronic media, as described below, by 10:00 AM, Central Time, on Monday, April 22, 2024 (the “Sale Date”). Any bid received after the scheduled time for their receipt will not be accepted. Bidders submitting a bid by internet shall not be required to submit signed Official Bid Forms prior to the award. Any prospective bidder that intends to submit an electronic bid must submit its electronic bid via the facilities of the i-Deal, LLC Parity System (“PARITY”) and should, as a courtesy, register with PARITY by 9:00 AM Central Time, on Monday, April 22, 2024, indicating their intent to submit a bid by internet.

In the event of a malfunction in the electronic bidding process, bidders may submit their bids by email to the County’s Financial Advisor, RBC Capital Markets, LLC (the “Financial Advisor”) at robertd.d.traylor@rbccm.com and rafael.Martinez@rbccm.com. If there is a malfunction of the electronic bidding process and a bidder submits a bid via email please call 210-805-1117 to notify the Financial Advisor of the incoming bid. Any bid received after the scheduled time for their receipt will not be accepted.

The official time for the receipt of bids shall be the time maintained by PARITY. All electronic bids shall be deemed to incorporate the provisions of this Official Notice of Sale, the Official Bid Form, and the Official Statement. To the extent that any instructions or directions set forth in PARITY conflict with this Official Notice of Sale, the terms of this Official Notice of Sale shall control. For further information about the PARITY System, potential bidders may contact i-Deal LLC at 1359 Broadway, 2nd Floor, New York, New York 10018, Telephone (212) 849-5021.

An electronic bid made through the facilities of PARITY shall be deemed an irrevocable offer to purchase the Notes on the terms provided in this Official Notice of Sale and shall be binding upon the bidder as if made by a signed, sealed bid delivered to the County. The County shall not be responsible for any malfunction or mistake made by, or as a result of the use of PARITY, the use of such facilities being the sole risk of the prospective bidder.

No Bids By Facsimile: Bids by facsimile WILL NOT be accepted.

No Bids By Telephone: Bids by telephone WILL NOT be accepted.

Place and Time of Bid Opening . . . The bids for the Notes will be publicly opened and read in the office of the Financial Advisor at 10:00 AM, Central Time, Monday, April 22, 2024.

Award and Sale of the Notes . . . The Commissioners Court of the County will take action to adopt an order (the “Order”) authorizing the issuance of the Notes and awarding the sale of the Notes to the winning bidder or will reject all bids at a meeting scheduled to convene on April 22, 2024. The award will be given to the entity submitting the best bid for the Notes. Bidders that work with syndicates of dealers may disclose to the County members of its syndicate, but for all purposes of contracting for the sale of the Notes, the entity signing the Official Bid Form as bidder shall be solely responsible for the payment of the purchase price of the Notes, and any information provided with respect to syndicate members shall be provided solely for informational purposes. The County reserves the right to reject any and all bids and to waive any irregularities except time of submission.

* Preliminary, subject to change (see “CONDITIONS OF THE SALE – Post Bid Modification of Principal Amounts” herein).

THE NOTES

Description of the Notes . . . The Notes will be dated April 1, 2024 (the "Dated Date"). Interest on the Notes will accrue from the date of initial delivery thereof (the "Delivery Date"), which is expected to be on or about May 21, 2024, and will be payable initially on August 15, 2024, and semi-annually thereafter on each August 15 and February 15 until maturity or prior redemption. The Notes will be delivered to the successful bidder (the "Initial Purchaser") as one Note (the "Initial Note") either in typed or printed form, in the aggregate principal amount of $3,010,000*, payable in stated installments to the Initial Purchaser, in fully registered form. Upon delivery of the Initial Note, it shall be immediately cancelled and exchanged for one definitive Note for each maturity of the Notes. The definitive Notes will be initially registered and delivered only to Cede & Co., the nominee of the Depository Trust Company ("DTC") for distribution to the beneficial owners under the Book-Entry-Only System described in the Preliminary Official Statement**. No physical delivery of the Notes will be made to the beneficial owners thereof.** Principal and semi-annual interest will be paid by UMB Bank, N.A., Austin, Texas, the paying agent/registrar (the "Paying Agent/Registrar") to Cede & Co. on each applicable payment date. Cede & Co. will be responsible for distributing the amounts so paid to the beneficial owners of the Notes. The Notes will mature on August 15 and February 15 in each the following years in the following amounts.

MATURITY SCHEDULE*

Maturity	Amount
08/15/2024	$430,000
02/15/2025	320,000
02/15/2026	335,000
02/15/2027	350,000
02/15/2028	365,000
02/15/2029	385,000
02/15/2030	405,000
02/15/2031	420,000

* Preliminary, subject to change (see "CONDITIONS OF THE SALE – Post Bid Modifications of Principal Amounts").

Denomination of the Notes. . . The Notes will be issued in $5,000 denominations or any integral multiple thereof.

Optional Redemption. . . The Notes are not subject to optional redemption prior to stated maturity.

CONDITIONS OF THE SALE

Types of Bids and Interest Rates . . . All bids must be submitted on the "Official Bid Form" enclosed herewith without change. The Notes will be sold in one block, on an "All or None" basis, and no bid of less than 103% of par value will be considered. **No bid that generates a premium on the Notes that results in a dollar price of less than $103.00 will be considered.** Bidders must specify the rate of interest the Notes will bear, but a bid which results in a net effective interest rate, as defined by Chapter 1204, Texas Government Code, as amended, of more than 15% will not be considered. The interest rate bid must be in a multiple of 1/8 or 1/20 of 1%. Graduating or declining rates within a maturity, split rates within a maturity, or supplemental or zero interest rates will not be considered. The difference between the highest interest rate bid and the lowest interest rate bid shall not exceed 3% in rate.

Serial Notes and/or Term Notes . . . Bidders have the option of specifying that the principal amount of the Notes payable in any two or more consecutive years may, in lieu of maturing in each of such years, be combined into one or more term notes (each a "Term Note").

In the event that bidders choose to specify one or more Term Note, such Term Note will be subject to mandatory sinking fund redemption by the County prior to their scheduled maturities on February 15 in the years and in the amounts set forth in the maturity schedule of the serial Note.

Advance Modification of Principal Amounts. . . The maturity schedule for the Notes set forth above represents an estimate of the principal amount of Notes to be sold. The County hereby reserves the right to change the maturity schedule, based on market conditions prior to the sale. In the event that the County elects to change the maturity schedule prior to the sale it will provide notice to potential bidders through PARITY. Such notice shall be considered an amendment to this Official Notice of Sale.

Post Bid Modification of Principal Amounts . . . The County hereby further reserves the right to change the bid maturity schedule after the determination of the winning bidder to create level debt service, by increasing or decreasing the principal amounts in any maturity of the Notes, subject to the limitation of no more than a 15% increase or decrease in any one maturity and the aggregate principal amount of the Notes is limited to a 15% increase or decrease. The successful bidder may not withdraw its bid or change the interest rates bid or the initial reoffering terms as a result of any changes made to the principal amounts within these limits. The dollar amount bid by the successful bidder will be adjusted to reflect any adjustments in the principal amount of the Notes. The bid price for such an adjustment will reflect changes in the dollar amount of the underwriting discount and original issue discount/premium, if any, but will not change the selling compensation per $1,000 of par amount of the Notes from the selling compensation that would have been received based on the purchase price in the winning bid and the initial reoffering terms. The interest rates specified by the successful bidder for the various maturities at the initial reoffering terms will not change. The County anticipates that the final annual principal amounts and the final aggregate principal amount of the Notes will be communicated to the successful bidder within three hours of the County's receipt of the initial public offering prices and yields for the Notes.

Basis for Award . . . The sale of the Notes will be awarded to the bidder making a bid that conforms to the specifications herein and which produces the lowest True Interest Cost rate to the County. The True Interest Cost rate is that rate which, when used to compute the total present value as of the Delivery Date of all debt service payments on the Notes on the basis of semi-annual compounding, produces an amount equal to the sum of the par value of the Notes plus the premium bid. In the event of a bidder's error in interest cost rate calculations, the interest rates, and premium, if any, set forth in the Official Bid Form will be considered as the intended bid. No award will be made to any bidder bidding on terms and conditions not in strict conformity with this "Official Notice of Sale."

Good Faith Deposit . . . Each bid must be accompanied by a bank cashier's check payable to the order of "Kerr County, Texas" in the amount of $60,200, which is 2% of the approximate par value of the Notes. The check will be considered as a Good Faith Deposit, and the check of the Initial Purchaser will be retained uncashed by the County until the Notes are delivered. **Upon payment for and delivery of the Notes, the Good Faith Deposit will be returned uncashed to the Initial Purchaser.** If the Initial Purchaser should fail or refuse to make payment for or accept delivery of the Notes in accordance with the bid, then the check will be cashed and accepted by the County as full and complete liquidated damages. Such check may accompany the Official Bid Form or it may be submitted separately. If submitted separately, it shall be made available to the County prior to the opening of the bids and shall be accompanied by instructions from the bank on which it is drawn which authorize its use as a Good Faith Deposit. The checks of the unsuccessful bidders will be returned immediately after bids are opened and sale of the Notes has been awarded.

ESTABLISHING THE ISSUE PRICE FOR THE NOTES

The Issuer intends to rely on Treasury Regulation section 1.148-1(f)(3)(i) (defining "competitive sale" for purposes of establishing the issue price of municipal bonds), which require, among other things, that the Issuer receives bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds (the "Competitive Sale Requirement").

In the event that the bidding process does not satisfy the Competitive Sale Requirement, Bids will not be subject to cancellation and the winning bidder (i) agrees to promptly report to the Issuer the first prices at which at least 10% of each maturity of the Notes (the "First Price Maturity") have been sold to the Public on the Sale Date (the "10% Test") (if different interest rates apply within a maturity, each separate CUSIP number within that maturity will be subject to the 10% Test) and (ii) agrees to hold-the-offering-price of each maturity of the Notes that does not satisfy the 10% Test ("Hold-the-Price Maturity"), as described below.

In order to provide the Issuer with information that enables it to comply with the establishment of the issue price of the Notes under the Internal Revenue Code of 1986, as amended, the winning bidder agrees to complete, execute, and timely deliver to the Issuer or to the Issuer's municipal advisor, RBC Capital Markets, LLC (the "Issuer's Municipal Advisor") a certification as to the Notes' "issue price" (the "Issue Price Certificate") substantially in the form and to the effect attached hereto or accompanying this Notice of Sale, within 5 business days prior to the Closing Date if the Competitive Sale Requirement is satisfied or within 5 business days of the date on which the 10% Test is satisfied with respect to all of the First Price Maturities. In the event the winning bidder will not reoffer any maturity of the Notes for sale to the Public (as defined herein) by the Closing Date, the Issue Price Certificate may be modified in a manner approved by the Issuer. It will be the responsibility of the winning bidder to institute such syndicate reporting requirements, to make such investigation, or otherwise to ascertain such facts necessary to enable it to make such certification with reasonable certainty. Any questions concerning such certification should be directed to Bond Counsel (identified in the Preliminary Official Statement).

For purposes of this section of this Notice of Sale:

(i) "Public" means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a Related Party to the Underwriter,

(ii) "Underwriter" means (A) any person that agrees pursuant to a written contract with the Issuer (or with the lead Underwriter to form an underwriting syndicate) to participate in the initial sale of the Notes to the Public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Notes to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Notes to the Public),

(iii) "Related Party" means any two or more persons (including an individual, trust, estate, partnership, association, company, or corporation) that are subject, directly or indirectly, to (i) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and

(iv) "Sale Date" means the date that the Notes are awarded by the Issuer to the winning bidder.

All actions to be taken by the Issuer under this Notice of Sale to establish the issue price of the Notes may be taken on behalf of the Issuer by the Issuer's Municipal Advisor, and any notice or report to be provided to the Issuer may be provided to the Issuer's Municipal Advisor.

The Issuer will consider any bid submitted pursuant to this Notice of Sale to be a firm offer for the purchase of the Notes, as specified in the bid and, if so stated, in the Official Bid Form.

By submitting a bid, each bidder confirms that: (i) any agreement among underwriters, any selling group agreement and each third-party distribution agreement (to which the bidder is a party) relating to the initial sale of the Notes to the Public, together with the related pricing wires, contains or will contain language obligating each Underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such third-party distribution agreement, as applicable, (A) to report the prices at which it sells to the Public the unsold Notes of each maturity allocated to it until either all such Notes have been sold or it is notified by the winning bidder that either the 10% Test has been satisfied as to the Notes of that maturity, (B) to promptly notify the winning bidder of any sales of Notes that, to its knowledge, are made to a purchaser who is a Related Party to an Underwriter, and (C) to acknowledge that, unless otherwise advised by the underwriter, dealer or broker-dealer, the winning bidder will assume that based on such agreement each order submitted by the underwriter, dealer or broker-dealer is a sale to the Public; and (ii) any agreement among underwriters or selling group agreement relating to the initial sale of the Notes to the Public, together with the related pricing wires, contains or will contain language obligating each Underwriter that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Notes to the Public to require each underwriter or dealer that is a party to such third-party distribution agreement to report the prices at which it sells to the Public the unsold Notes of each maturity allocated to it until either all such Notes have been sold or it is notified by the winning bidder or such Underwriter that either the 10% Test has been satisfied as to the Notes of that maturity. Sales of any Notes to any person that is a Related Party to an Underwriter shall not constitute sales to the public for purposes of this Notice of Sale.

By submitting a bid, the winning bidder agrees, on behalf of each Underwriter participating in the purchase of the Notes, that each Underwriter will neither offer nor sell any Hold-the-Price Maturity to any person at a price that is higher than the initial offering price to the Public during the period starting on the Sale Date and ending on the earlier of (1) the close of the fifth (5th) business day after the Sale Date; or (2) the date on which the Underwriters have sold at least 10% of that Hold-the-Price Maturity to the Public at a price that is no higher than the initial offering price to the Public. The winning bidder shall promptly advise the Issuer when the Underwriters have sold

10% of a Hold-the-Price Maturity to the Public at a price that is no higher than the initial offering price to the Public, if that occurs prior to the close of the fifth (5th) business day after the Sale Date.

ADDITIONAL CONDITIONS OF AWARD

Obligation of the County to Receive Disclosure if Interested Part Form . . . Pursuant to Texas Government Code Section 2252.908 ("the Interested Party Disclosure Act"), the County may not award the Notes to a bidder unless the bidder either:

(i) submits a Certificate of Interested Parties Form 1295 (the "Disclosure Form") to the County as prescribed by the Texas Ethics Commission ("TEC"), or

(ii) certifies to the County, in the manner prescribed under the subcaption "Exemption" herein, that it is exempt from filing the Disclosure Form by virtue of being a publicly traded business entity or a wholly owned subsidiary of a publicly traded business entity.

In the event that the bidder's bid for the Notes is the best bid received, the County, acting through its Financial Advisor, will promptly notify the bidder. That notification will serve as the conditional verbal acceptance of the bid, and, unless the bidder is exempt from filing a Disclosure Form, will obligate the winning bidder to file a completed Disclosure Form, as described below, prior to the County's final written award.

Reference should be made to the Disclosure Form, the rules of the TEC with respect to the Disclosure Form (the "Disclosure Rules") and the Interested Party Disclosure Act. Instructional information regarding such matters are set forth at https://www.ethics.state.tx.us/whatsnew/elf_info_form1295.htm. For purposes of completing the Disclosure Form the Initial Purchaser will need the following information: (a) in item 2 – name of governmental entity, insert "Kerr County, Texas" and (b) in item 3 – for the identification number assigned to this contract by the County, insert "Notes 2024", and for a description of the goods or services to be provided under the contract, insert "Purchase Notes pursuant to competitive bid". The Interested Party Disclosure Act and the rules adopted by the TEC with respect thereto (the "Disclosure Rules") require a business entity contracting with the County to complete the form at the TEC "portal" at the website set forth above, then print, complete the Disclosure Form, sign, and deliver the Disclosure Form to the County. Following the award of the Notes, the County will acknowledge the receipt of the completed Disclosure Form and certification of filing on the TEC Website. The completed and signed Disclosure Form must be sent by email, to tshelton@co.kerr.tx.us, to the County's Financial Advisor at Robert.d.traylor@rbccm.com, and to the County's Bond Counsel at ojuarez@mphlegal.com and sibarra@mphlegal.com, as soon as possible following the notification of conditional verbal acceptance and prior to the final written award.

The Interested Party Disclosure Act provides that such acknowledgment is made "under oath and under penalty of perjury." Consequently, a bidder should take appropriate steps prior to completion of the Disclosure Form to familiarize itself with the Interested Party Disclosure Act, the Disclosure Rules and the Disclosure Form. **Time will be of the essence in submitting the form to the County, and no final award will be made by the County regarding the sale of the Notes until a completed Disclosure Form, if required, is received. The County reserves the right to reject any bid that is not accompanied by a completed Disclosure Form, if required, as described herein.** Neither the County nor its consultants have the ability to verify the information included in a Disclosure Form, and neither have an obligation nor undertake responsibility for advising any bidder with respect to the proper completion of the Disclosure Form. Consequently, an entity intending to bid on the Notes should consult its own advisors to the extent it deems necessary and be prepared to submit the completed form promptly upon notification from the County that its bid is the conditional winning bid.

Pursuant to the Interested Party Disclosure Act, a publicly traded business entity, including a wholly owned subsidiary of the business entity, is exempt from the requirements of the Interested Party Disclosure Act. **The County is not responsible or liable for ascertaining or verifying whether any bidder satisfies this exemption. If any bidder, in its sole discretion, determines that it satisfies this exemption, it must indicate accordingly in the Official Bid Form. The County will rely on such certification for purposes of satisfying its obligations under the Interested Party Disclosure Act.**

For purposes of contracting for the sale of the Notes, the entity signing the bid form as Initial Purchaser shall be solely responsible for the payment of the purchase price of the Notes. The Initial Purchaser may serve as a syndicate manager and contract under a separate agreement with other syndicate members. However, the County is not a party to that agreement and any information provided regarding syndicate managers would be for informational purposes only.

Verifications of Texas Statutory Representations and Covenants… The County will not award the Notes to a bidder unless the following representations and covenants pursuant to Chapters 2252, 2271, 2274, and 2276, Texas Government Code, as amended (the "Covered Verifications"), are included in the bid. As used in such verifications, "affiliate" means an entity that controls, is controlled by, or is under common control with the bidder within the meaning of SEC Rule 405, 17 C.F.R. § 230.405, and exists to make a profit. Liability for breach of any such Covered Verifications during the terms of the Official Bid Form shall survive until barred by the applicable statute of limitations and shall not be liquidated or otherwise limited by any provision of the Official Bid Form or this Official Notice of Sale, notwithstanding anything in the Official Bid Form or this Official Notice of Sale to the contrary.

(i) No Boycott of Israel (Chapter 2271, Texas Government Code, as amended): A bidder must verify that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and will not boycott Israel during the term of the Official Bid Form. As used in the foregoing verification, "boycott Israel" has the meaning provided in Section 2271.001, Texas Government Code, as amended.

(ii) Not a Sanctioned Company (Chapter 2252, Texas Government Code, as amended): A bidder must represent that neither it nor any of its parent company, wholly- or majority-owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Texas Government Code, as amended. The foregoing representation excludes a bidder and each of its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization.

(iii) No Discrimination Against Firearm Entities or Firearm Trade Associations (Chapter 2274, Texas Government Code, as amended): A bidder must verify that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not have a practice, policy, guidance, or directive that discriminates against a firearm entity or firearm trade association and will not discriminate against a firearm entity or firearm trade association. As used in the foregoing verification, "discriminate against a firearm entity or firearm trade association" has the meaning provided in Section 2274.001(3), Texas Government Code, as amended.

(iv) No Boycott of Energy Companies (Chapter 2276, Texas Government Code, as amended): A bidder must verify that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott energy companies and will not boycott energy companies. As used in the foregoing verification, "boycott energy companies" has the meaning provided in Section 2276.001(1), Texas Government Code, as amended.

Further State Law Compliance and Standing Letter Requirement… Each prospective bidder must have a standing letter on file with the Texas Attorney General's Office in the form required by the All Bond Counsel Letter of the Texas Attorney General dated November 1, 2023 and any supplements thereto (collectively, the "All Bond Counsel Letter"). In submitting a bid, a bidder represents to the County that it has filed a standing letter in the form included in the All Bond Counsel Letter without qualification and including current statutory citations and it has no reason to believe that the County may not be entitled to rely on the standing letter on file with the Texas Attorney General's Office. Bidder agrees that it will not rescind its standing letter at any time before the delivery of the Notes unless same is immediately replaced with a standing letter meeting the requirements of the All Bond Counsel Letter.

The County will not accept a bid from a bidder that does not have such standing letter on file as of the deadline for bids for the Notes. If requested by the County, the bidder agrees to provide such further representations, certifications or assurances in connection with the Covered Verifications, as of the Delivery Date or such other date requested by the County including, but not limited to, a bring down certification as provided by the All Bond Counsel Letter.

THE COUNTY RESERVES THE RIGHT, IN ITS SOLE DISCRETION, TO REJECT THE BID OF ANY BIDDER FOR ANY REASON. BY SUBMITTING A BID, EACH BIDDER AGREES, SHOULD IT BE THE

WINNING BIDDER, TO COOPERATE WITH THE COUNTY AND TAKE ANY ACTION NECESSARY TO FURTHER VERIFY AND CONFIRM COMPLIANCE WITH STATE LAW. Unless otherwise publicly available on the Municipal Advisory Council of Texas' website, the bidder shall submit a courtesy copy of its standing letter in connection with the submission of its bid.

To the extent the bidder and each syndicate member listed on the Official Bid Form is unable to provide a Standing Letter in a form satisfactory to the Texas Office of the Attorney General, the County reserves the right to cash and accept the Good Faith Deposit (see "CONDITIONS OF THE SALE - Good Faith Deposit"). **THE LIABILITY OF THE BIDDER FOR BREACH OF ANY OF THE VERIFICATIONS MADE IN CONNECTION WITH THE COVERED VERIFICATIONS SHALL SURVIVE UNTIL BARRED BY THE STATUTE OF LIMITATIONS, AND SHALL NOT BE LIQUIDATED OR OTHERWISE LIMITED BY ANY PROVISION OF THIS OFFICIAL NOTICE OF SALE OR THE OFFICIAL BID FORM. ADDITIONALLY, THE COUNTY RESERVES AND RETAINS ALL RIGHTS AND REMEDIES AT LAW AND IN EQUITY FOR PURSUIT AND RECOVERY OF DAMAGES, IF ANY, RELATING TO THE COVERED VERIFICATIONS.**

OFFICIAL STATEMENT

By accepting the winning bid, the County agrees to the following representations and covenants to assist the Initial Purchaser in complying with Rule 15c2-12 ("Rule 15c2-12") of the United States Securities and Exchange Commission ("SEC").

Final Official Statement . . . The County has prepared the accompanying Preliminary Official Statement for dissemination to potential purchasers of the Notes, but will not prepare any other document or version for such purpose except as described below. The County will be responsible for completing the Official Statement by inserting the interest rates bid, the purchase price bid, the ratings assigned to the Notes (if not currently included), and the initial public offering yields as set forth in the Official Bid Form, or otherwise supplied by the Initial Purchaser, and for preparing and inserting the final debt service schedule and inserting such other information as may be authorized within the meaning of Rule 15c2-12. The County does not intend to amend or supplement the Official Statement otherwise, except to take into account certain subsequent events, if any, as described below. Accordingly, the County has deemed the accompanying Preliminary Official Statement to be final as of its date, within the meaning of Rule 15c2-12, except for the omission of the foregoing items. By delivering the final Official Statement or any amendment or supplement thereto in the requested quantity to the Initial Purchaser on or after the sale date, the County represents the same to be complete as of such date, within the meaning of Rule 15c2-12. Notwithstanding the foregoing, the only representations concerning the absence of material misstatements or omissions from the Official Statement which are or will be made by the County are those described in the Preliminary Official Statement under "CERTIFICATION AS TO OFFICIAL STATEMENT."

Changes to Official Statement; Further Disclosure . . . If, subsequent to the date of the Official Statement, the County becomes aware or is notified by the Initial Purchaser of any fact or event that would cause the Official Statement, as then supplemented or amended, to contain any untrue statement of a material fact or to omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, the County will promptly prepare and supply to the Initial Purchaser a supplement to the Official Statement which corrects such representation to the reasonable satisfaction of the Initial Purchaser, unless the Initial Purchaser elects to terminate its obligation to purchase the Notes as described below. See "DELIVERY OF THE NOTES AND ACCOMPANYING DOCUMENTS - Conditions to Delivery." The obligation of the County to do so will terminate the date the Initial Purchaser is no longer required to provide an Official Statement to potential customers who request the same pursuant to the Rule (the earlier of (i) 90 days from the "end of the underwriting period" (as defined in Rule 15c2-12) and (ii) the time when the Official Statement is available to any person from the MSRB, but in no case less than 25 days after the "end of the underwriting period" for the Notes). Unless otherwise notified in writing by the Initial Purchaser, the Delivery Date will be treated as the "end of the underwriting period" for purposes of Rule 15c2-12.

Delivery of Official Statements . . . The County will furnish to the Initial Purchaser (and to each other participating underwriter of the Notes, within the meaning of Rule 15c2-12, designated by the Initial Purchaser), within seven business days after the sale date, the aggregate number of Official Statements specified by the Initial Purchaser. The County will also furnish to the Initial Purchaser a like number of any supplement or amendment prepared by the County for dissemination to potential purchasers of the Notes as described above as well as such additional copies of the Official Statement or any supplement or amendment as the Initial Purchaser may request the date the Initial Purchaser is no longer required to provide an Official Statement to potential customers who request the same pursuant to the Rule (the earlier of (i) 90 days from the “end of the underwriting period” (as defined in the Rule) and (ii) the time when the Official Statement is available to any person from the MSRB, but in no case less than 25 days after the “end of the underwriting period” for the Notes). Unless otherwise notified in writing by the Initial Purchaser, the Delivery Date will be treated as the “end of the underwriting period” for purposes of Rule 15c2-12. The County will pay the expense of preparing up to 200 copies of the Official Statement and all copies of any supplement or amendment issued on or before the delivery date, but the Initial Purchaser must pay for all other copies of the Official Statement or any supplement or amendment thereto.

DELIVERY OF THE NOTES AND ACCOMPANYING DOCUMENTS

Delivery . . . Delivery of the Notes to the Initial Purchaser on the Delivery Date will be at the corporate trust office of the Paying Agent/Registrar. Payment for the Notes must be made in immediately available funds for unconditional credit to the County, or as otherwise directed by the County. The Initial Purchaser will be given five business days’ notice of the time fixed for delivery of the Notes. It is anticipated that initial delivery can be made on or about May 21, 2024, and it is understood and agreed that the Initial Purchaser will accept delivery and make payment for the Notes at or before 10:00 A.M. CST, on May 21, 2024, or thereafter on the date the Notes are tendered for delivery up to and including May 28, 2024. If for any reason the County is unable to make delivery on or before May 28, 2024, then the County shall immediately contact the Initial Purchaser and offer to allow the Initial Purchaser to extend its offer for an additional 30 days. If the Initial Purchaser does not elect to extend its offer within five business days thereafter, then the Good Faith Deposit will be returned, and both the County and the Initial Purchaser shall be relieved of any further obligation.

CUSIP Numbers . . . It is anticipated that CUSIP identification numbers will be printed on the Notes, but neither the failure to print such numbers on any Notes nor any error with respect thereto shall constitute cause for a failure or refusal by the Initial Purchaser to accept delivery of and pay for the Notes in accordance with the terms of this Official Notice of Sale and terms of the Official Bid Form. The Financial Advisor will obtain CUSIP identification numbers from the CUSIP Service Bureau prior to the date of sale. CUSIP identification numbers will be made available to the Purchaser at the time the Notes are awarded as soon thereafter as practicable. All expenses in relation to the assignment, printing or typing of CUSIP numbers on the Notes shall be paid by the County.

Conditions to Delivery . . . The obligation of the Initial Purchaser to take up and pay for the Notes is subject to the Initial Purchaser’s receipt of (a) the approving opinion of the Attorney General of the State of Texas, (b) the legal opinion of McCall, Parkhurst & Horton L.L.P., San Antonio, Texas, Bond Counsel for the County, (c) the County’s no-litigation certificate and (d) the certification as to the Official Statement, all as further described in the Preliminary Official Statement.

Legal Opinions . . . The County will furnish to the Initial Purchaser a transcript of certain proceedings held incident to the authorization and issuance of the Notes, including the approving legal opinion of Bond Counsel substantially similar to the form of Bond Counsel opinion attached to the Preliminary Official Statement as Appendix D.

Change in Tax-Exempt Status . . . At any time before the Notes are tendered for delivery, the Initial Purchaser may withdraw its bid if the interest on obligations such as the Notes shall be declared to be includable in gross income under present federal income tax laws, either by ruling of the Internal Revenue Service or by a decision of any federal court, or shall be declared taxable or be required to be taken into account in computing any federal income taxes, by the terms of any federal income tax law enacted subsequent to the date of this Official Notice of Sale.

No Material Adverse Change . . . The obligation of the Initial Purchaser to take up and pay for the Notes, and of the County to deliver the Notes, are subject to the condition that, up to the time of delivery of and receipt of payment for the Notes, there shall have been no material adverse change in the condition (financial or otherwise) of the County subsequent to the date of sale from that set forth in the Preliminary Official Statement, as it may have been supplemented or amended through the date of delivery.

No-Litigation Certificate . . . With the delivery of the Notes, a proper County official, on behalf of the County, will execute and furnish to the Initial Purchaser a certificate to the effect that no litigation of any nature has been filed or is then pending against the County, of which the County has notice, to restrain or enjoin the issuance or delivery of the Notes or which would affect the provisions made for their payment or security, or in any manner question the validity of the Notes, and that so far as is known and believed, no such litigation is threatened.

Certification as to Official Statement . . . At the time of payment for and delivery of the Notes, the Initial Purchaser will be furnished a certificate, executed by an authorized County official, acting in his or her official capacity, to the effect that to the best of his or her knowledge and belief: (a) the descriptions and statements of or pertaining to the County contained in the Official Statement and any addenda, supplement or amendment thereto, on the date of such Official Statement, on the date of sale of the Notes and acceptance of the best bid thereafter, and on the date of delivery, were and are true and correct in all material respects; (b) insofar as the County and its affairs, including its financial affairs, are concerned, such Official Statement did not and does not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading in any material respect; (c) insofar as the descriptions and statements, including financial data, of or pertaining to entities, other than the County, and their activities contained in such Official Statement are concerned, such statements and data have been obtained from sources which the County believes to be reliable and that the County has no reason to believe that they are untrue in any material respect; and (d) there has been no material adverse change in the financial condition of the County since September 30, 2023, the date of the last audited financial statements of the County.

Continuing Disclosure Agreement . . . The County will agree in the Order to provide certain periodic information and notices of certain events in accordance with the Rule, as described in the Preliminary Official Statement under "CONTINUING DISCLOSURE OF INFORMATION". The Initial Purchaser's obligation to accept and pay for the Notes is conditioned upon delivery to the Initial Purchaser or agent of a certified copy of the Order containing the agreement described under such heading.

Compliance with Prior Undertakings . . . Except as described in the Preliminary Official Statement, during the last five years, the County believes it has complied in all material respects with all continuing disclosure agreements made by it in accordance with the Rule.

GENERAL CONSIDERATIONS

Book-Entry-Only System . . . The County intends to utilize the Book-Entry-Only System of DTC. See "BOOK-ENTRY-ONLY SYSTEM" in the Preliminary Official Statement.

Future Registration . . . In the event the Book-Entry-Only System should be discontinued, the Notes may be transferred, registered and exchanged only on the registration books of the Paying Agent/Registrar, and such registration shall be at the expense of the County, although the County or the Paying Agent/Registrar may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer or exchange of any Note. A Note may be transferred or exchanged upon surrender to the Paying Agent/Registrar accompanied by a written instrument of transfer acceptable to the Paying Agent/Registrar duly executed by the registered owner thereof or his attorney duly authorized in writing. Upon surrender for transfer of any Note to the Paying Agent/Registrar, the Paying Agent/Registrar shall authenticate and deliver, in the name of the designated transferee or transferees, one or more new Notes of the same stated maturity and of any authorized denomination and of a like aggregate principal amount.

Record Date . . . The record date ("Record Date") for the interest payable on any interest payment date means the close of business on the last day of the month next preceding such interest payment date.

Reservation of Rights . . . The County reserves the right to reject any and all bids and to waive any and all irregularities, except time of filing.

Not an Offer to Sell . . . This Official Notice of Sale does not alone constitute an offer to sell the Notes but is merely notice of sale of the Notes. The offer to sell the Notes to the Initial Purchaser is being made by means of this Official Notice of Sale, the Preliminary Official Statement and the Official Bid Form, collectively.

Municipal Bond Ratings . . . The Notes have been assigned a rating of "AA" by S&P Global Ratings ("S&P"). See "RATINGS" in the Preliminary Official Statement.

Registration and Qualification Under Securities Laws . . . The offer and sale of the Notes have not been registered or qualified under the Securities Act of 1933, as amended, in reliance upon the exemptions provided thereunder; the Notes have not been registered or qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; and the Notes have not been registered or qualified under the securities acts of any other jurisdiction. The County assumes no responsibility for registration or qualification of the Notes under the securities laws of any jurisdiction in which the Notes may be sold, assigned, pledged, hypothecated or otherwise transferred. This disclaimer of responsibility for registration or qualification for sale or other disposition of the Notes shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration provisions.

By submission of a bid, the Initial Purchaser represents that its sale of the Notes in states other than Texas will be made only pursuant to exemptions from registration or qualification or, where necessary, the Initial Purchaser will register and qualify the Notes in accordance with the securities laws of any jurisdiction which so requires. The County agrees to cooperate, at the Initial Purchaser's written request and expense, in registering or qualifying the Notes, or in obtaining exemption from registration or qualification, in any state where such action is necessary; provided, however, that the County will not consent to service of process or qualify to do business in any such state.

Copies of Documents . . . Copies of the Official Notice of Sale, the Preliminary Official Statement, the Official Bid Form, the Ordinance and the County's audited financial reports may be obtained at the offices of RBC Capital Markets, LLC, 303 Pearl Parkway, Suite 220, San Antonio, Texas 78215, (210) 805-1117, Financial Advisor to the County.

/s/ Hon. Rob Kelly
County Judge

ATTEST:

/s/ Ian Collum
County Clerk

OFFICIAL BID FORM

Commissioner's Court
Kerr County, Texas
700 Main Street, Suite 103
Kerrville, Texas 78028

April 22, 2024

Board Members:

Reference is made to your "Official Notice of Sale" and "Preliminary Official Statement", dated April 1, 2024 of $3,010,000 (preliminary, subject to change) Kerr County, Texas, Tax Notes, Series 2024 (the "Notes"), both of which constitute a part hereof. We have read in detail the Official Notice of Sale and Preliminary Official Statement. We realize that the Notes involve certain investment risks, and we have made such inspections and investigations as we deem necessary relating to the County and to the investment quality of the Notes.

For your legally issued Notes, as described in the Official Notice of Sale and Preliminary Official Statement, we will pay you a price of $____________ (100% of par value), plus a cash premium of $_______________ (**no bid producing a premium that results in a dollar price of less than $103.00 will be considered**), such Notes to mature in the amounts and at the interest rates shown below:

Maturity Date	Principal Amount	Interest Rate
08/15/2024	$430,000	___%
02/15/2025	320,000	___%
02/15/2026	335,000	___%
02/15/2027	350,000	___%
02/15/2028	365,000	___%
02/15/2029	385,000	___%
02/15/2030	405,000	___%
02/15/2031	420,000	___%

*Preliminary, subject to change

Of such principal maturities set forth above, we have created term notes (the "Term Notes") as indicated in the following table (which may include multiple Term Notes, one Term Note, or no Term Notes if none is indicated). For those years which have been combined into a Term Note, the principal amount shown in the table above shall be the mandatory sinking fund redemption amounts in such years. The Term Notes created are as follows:

Term Note Maturity Date (February 15)	Year of First Mandatory Redemption	Principal Amount of Term Note	Interest Rate
________	______	$__________	______
________	______	$__________	______
________	______	$__________	______
________	______	$__________	______

Such Term Notes are subject to mandatory sinking fund redemption in the years and in the amounts shown above and may be subject to optional redemption as stated in the Official Notice of Sale and Preliminary Official Statement.

TRUE INTEREST COST .... _________________%

The Initial Note shall be registered in the name of _________________________. The Initial Note will, upon payment for the Notes, be cancelled by the Paying Agent/Registrar. The definitive Notes will then be registered in the name of Cede & Co. and delivered through the Book-Entry-Only System of the Depository Trust Company.

A Bank Cashier's Check from ___________________ , __________________, in the amount of $60,200, which represents our Good Faith Deposit, (is attached hereto) (has been made available prior to the opening of this bid) and is submitted in accordance with the terms and conditions set forth in the Official Notice of Sale. If the Notes are awarded to us, the Good Faith Deposit will remain uncashed and will be returned to us at the time of delivery of the Notes by the County. Should we fail or refuse to make payment for and accept delivery of the Notes in accordance with our bid, this check will be cashed and accepted by the County as full and complete liquidated damages.

We hereby represent that the sale of the Notes in states other than Texas will be made only pursuant to exemptions from registration of qualification or that, where necessary, we will register or qualify the Notes in accordance with the securities laws of the states in which the Notes are offered or sold.

We agree to accept delivery of and make payment for the Notes in immediately available funds at the offices of UMB Bank, N.A., Austin, Texas, at or before 10:00 A.M., C.D.T., on May 21, 2024, or thereafter on the date the Notes are tendered for delivery, pursuant to the terms set forth in the Official Notice of Sale.

The undersigned agrees to complete, execute, and deliver to the County, by the date of initial delivery of the Notes, a certificate relating to the "issue price" of the Notes in the form and to the effect attached to or accompanying the Official Notice of Sale, with such changes thereto as may be acceptable to Bond Counsel for the County. The undersigned also agrees to provide the County and its consultants, at least ten (10) business days' prior to the delivery of the Notes, a breakdown of its "underwriting spread" among the following categories: Takedown, Management Fee (if any), Legal Counsel Fee (if any), and Spread Expenses (if any).

For purposes of contracting for the sale of the Notes, the entity signing the bid form as Purchaser shall be solely responsible for the payment of the purchase price of the Notes. The Purchaser may serve as a syndicate manager and contract under a separate agreement with other syndicate members. However, the County is not a party to that agreement and any information provided regarding syndicate managers would be for informational purposes only.

In accordance with Texas Government Code Section 2252.908 (the "Interested Party Disclosure Act"), the County may not award the Notes to a bidder unless the winning bidder either: (i) submits a Certificate of Interested Parties Form 1295 (the "Disclosure Form") to the County as prescribed by the Texas Ethics Commission ("TEC"), or (ii) certifies below that it is exempt from filing the Disclosure Form by virtue of being a publicly traded business entity or a wholly owned subsidiary of a publicly traded business entity.

Unless the bidder certifies that it is exempt from filing a Disclosure Form with the County, upon notification of conditional verbal acceptance, the undersigned will complete an electronic form of the Certificate of Interested Parties Form 1295 (the "Disclosure Form") through the Texas Ethics Commission's (the "TEC") electronic portal and the resulting certified Disclosure Form that is generated by the TEC's electronic portal will be printed, signed and sent by email to the County at tshelton@co.kerr.tx.us, to the County's financial advisor at Robert.d.traylor@rbccm.com, and the County's Bond Counsel at ojuarez@mphlegal.com and sibarra@mphlegal.com. The undersigned understands that the failure to provide the certified Disclosure Form will prohibit the County from providing final written award of the enclosed bid.

The Purchaser (mark one): (i) Agrees to timely make a filing of a completed Disclosure Form with the County [___] or (ii) Hereby certifies that it is exempt from filing the Disclosure Form by virtue of being a publicly traded business entity or a wholly owned subsidiary of a publicly traded business entity [___]. If the bid is accepted by the County, this bid shall thereupon become a contract of purchase for the County under the terms contained in this Official Bid Form and in the Notice of Sale and Bidding Instructions. We hereby acknowledge that we have received and read the Notice of Sale and Bidding Instructions and Preliminary Official Statement referred to above.

As used in the following verifications, "affiliate" means an entity that controls, is controlled by, or is under common control with the bidder within the meaning of SEC Rule 405, 17 C.F.R. § 230.405, and exists to make a profit. Liability for breach of any such verification during the term of this Official Bid Form shall survive until barred by the applicable statute of limitations and shall not be liquidated or otherwise limited by any provision of this Official Bid Form or Official Notice of Sale, notwithstanding anything in this Official Bid Form or Official Notice of Sale to the contrary.

(i) No Boycott of Israel Verification (Chapter 2271, Texas Government Code, as amended). The Purchaser hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and will not boycott Israel during the term of the agreement to purchase the Notes. As used in the foregoing verification, "boycott Israel" has the meaning provided in Section 2271.001, Texas Government Code, as amended.

(ii) Not a Sanctioned Company (Chapter 2252, Texas Government Code, as amended). The Purchaser represents that neither it nor any of its parent company, wholly- or majority-owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Texas Government Code, as amended. The foregoing representation excludes a bidder and each of its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization.

(iii) No Boycott of Energy Companies (Chapter 2276, Texas Government Code, as amended). The Purchaser hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott energy companies and will not boycott energy companies. As used in the foregoing verification, "boycott energy companies" has the meaning provided in Section 2276.001(1), Texas Government Code, as amended.

(iv) No Discrimination Against Firearm Entities or Firearm Trade Associations (Chapter 2274, Texas Government Code, as amended). The Purchaser hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not have a practice, policy, guidance, or directive that discriminates against a firearm entity or firearm trade association and will not discriminate against a firearm entity or firearm trade association. As used in the foregoing verification, "discriminate against a firearm entity or firearm trade association" has the meaning provided in Section 2274.001(3), Texas Government Code, as amended.

By submitting this bid, the Purchaser understands and agrees that if Purchaser should fail or refuse to take up and pay for the Notes in accordance with this bid, or it is determined that after the acceptance of this bid by the County that the Purchaser was found not to satisfy the requirements described in the Official Notice of Sale and Bidding Instructions under the heading "CONDITIONS OF THE SALE" and as a result the Texas Attorney General will not deliver its approving opinion of the Notes, then the check submitted herewith as the Purchaser's Good Faith Deposit shall be cashed and accepted by the County. IF THE COUNTY

CASHES THE PURCHASER'S GOOD FAITH DEPOSIT AS DESCRIBED ABOVE, SUCH ACTION DOES NOT CONSTITUTE COMPLETE OR LIQUIDATED DAMAGES RELATED TO THE PURCHASER'S BREACH OF ANY OF THE COVERED VERIFICATIONS.

By submitting this bid, the Purchaser understands and agrees that the liability of the Purchaser for breach of any of the Covered Verifications shall survive until barred by the statute of limitations, and shall not be liquidated or otherwise limited by any provision of this Official Bid Form or the Official Notice of Sale. Additionally, the Purchaser acknowledges and agrees that the County reserves and retains all rights and remedies at law and in equity for pursuit and recovery of damages, if any, relating to the Covered Verifications.

By submitting this bid, the Purchaser understands and agrees that it must have a standing letter on file with the Texas Attorney General's Office in the form included to the All Bond Counsel Letter of the Texas Attorney General dated November 1, 2023 and any supplements thereto (collectively, the "All Bond Counsel Letter"). In submitting this bid, the Purchaser represents to the County that it has filed a standing letter in the form included in the All Bond Counsel Letter without qualification and including current statutory citations and it has no reason to believe that the County may not be entitled to rely on the standing letter on file with the Texas Attorney General's Office. The Purchaser hereby further agrees that it will not rescind its standing letter at any time before the delivery of the Notes unless same is immediately replaced with a standing letter meeting the requirements of the All Bond Counsel Letter.

The Purchaser agrees to provide such further representations, certifications or assurances in connection with the Covered Verifications, as of the Delivery Date or such other date requested by the County including, but not limited to, a bring down certification as provided by the All Bond Counsel Letter. Unless otherwise publicly available on the Municipal Advisory Council of Texas' website, the Purchaser is submitting a courtesy copy of its standing letter in connection with the submission of its bid.

The Purchaser acknowledges that the County, in its sole discretion, has reserved the right to reject the bid of any bidder.

The Purchaser understands and agrees that to the extent the Purchaser and each syndicate member listed on this Official Bid Form is unable to provide a Standing Letter in a form satisfactory to the Texas Office of the Attorney General, the County reserves the right to cash and accept the Good Faith Deposit (see "CONDITIONS OF THE SALE - Good Faith Deposit" in the Official Notice of Sale).

NOTWITHSTANDING ANYTHING CONTAINED HEREIN, THE REPRESENTATIONS AND COVENANTS CONTAINED IN THIS OFFICIAL BID FORM SHALL SURVIVE TERMINATION OF THE AGREEMENT OF THE PURCHASER TO PURCHASE THE NOTES UNTIL THE STATUTE OF LIMITATIONS HAS RUN.

For purposes of contracting for the sale of the Notes, the entity signing the bid form as Purchaser shall be solely responsible for the payment of the purchase price of the Notes. The Purchaser may serve as a syndicate manager and contract under a separate agreement with other syndicate members. However, the County is not a party to that agreement and any information provided regarding syndicate managers would be for informational purposes only.

We understand the sale of the Notes has not been registered under the United States Securities Act of 1933, as amended, in reliance upon the exemptions provided thereunder; the Notes have not been registered or qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; nor have the Notes been registered or qualified under the securities acts of any other jurisdiction. We hereby represent the sale of the Notes in jurisdictions other than Texas will be made only pursuant to exemptions from registration or qualification and that where necessary, we will register or qualify the Notes in accordance with the securities laws and regulations of the jurisdiction in which the Notes are offered or sold.

We further understand that the County assumes no responsibility or obligation for the distribution or delivery of any copies of the Official Statement or other information concerning the County and the Notes to anyone other than to us.

We agree to provide in writing the initial reoffering prices and other terms, if any, to the County or its financial advisor by the close of the next business day after the award.

[Remainder of page intentionally left blank]

Respectfully Submitted,

____
(Purchaser)

____
(Signature - Title)

____
(Telephone)

[County Signature Page Follows]

ACCEPTANCE CLAUSE

The above and foregoing bid is hereby accepted by Kerr County, Texas, subject to and in accordance with the Official Notice of Sale and Official Bid Form, this _______ day of _______, 2024.

____
County Judge
Kerr County, Texas

ATTEST:

____
County Clerk
Kerr County, Texas

ISSUE PRICE CERTIFICATE
(Sales where **at least 3 bids are received from underwriters**)

The undersigned, as the underwriter or the manager of the syndicate of Underwriters (the "Purchaser"), with respect to the purchase at competitive sale of the Tax Notes, Series 2024 issued by Kerr County, Texas (the "County") in the principal amount of $3,010,000 (the "Notes"), hereby certifies and represents, based on its records and information, as follows:

(a) On the first day on which there was a binding contract in writing for the purchase of the Notes by the Purchaser, the Purchaser's reasonably expected initial offering prices of each maturity of the Notes with the same credit and payment terms (the "Expected Offering Prices") to a person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter are as set forth in the pricing wire or equivalent communication for the Notes, as attached to this Certificate as Schedule A. The Expected Offering Prices are the prices for the Notes used by the Purchaser in formulating its bid to purchase the Notes.

(b) The Purchaser had an equal opportunity to bid to purchase the Notes and it was not given the opportunity to review other bids that was not equally given to all other bidders (i.e., no last look).

(c) The bid submitted by the Purchaser constituted a firm bid to purchase the Notes.

(d) The Purchaser has [___]/has not [___] purchased bond insurance for the Notes. The bond insurance has been purchased from ___________________________ (the "Insurer") for a fee of $_______ (net any nonguarantee cost, e.g., rating agency fees). The amount of such fee is set forth in the Insurer's commitment and does not include any payment for any direct or indirect services other than the transfer of credit risk, unless the compensation for those other services is separately stated, reasonable, and excluded from such fee. Such fee does not exceed a reasonable, arm's-length charge for the transfer of credit risk and it has been paid to a person who is not exempt from federal income taxation and who is not a user or related to the user of any proceeds of the Notes. The present value of the debt service savings expected to be realized as a result of such insurance exceeds the amount of the fee set forth above. For this purpose, present value is computed using the yield on the Notes, determined by taking into account the amount of the fee set forth above, as the discount rate. No portion of the fee payable to the Insurer is refundable upon redemption of any of the Notes in an amount which would exceed the portion of such fee that has not been earned.

For purposes of this Issue Price Certificate, the term "Underwriter" means (1) (i) a person that agrees pursuant to a written contract with the County (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Notes to the Public, or (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (1)(i) of this paragraph (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Notes to the Public) to participate in the initial sale of the Notes to the Public, and (2) any person who has more than 50% common ownership, directly or indirectly, with a person described in clause (1) of this paragraph.

[Signature Page Follows]

The undersigned understands that the foregoing information will be relied upon by the County with respect to certain of the representations set forth in the Federal Tax Certificate and with respect to compliance with the federal income tax rules affecting the Notes, and by McCall, Parkhurst & Horton L.L.P. in connection with rendering its opinion that the interest on the Notes is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the County from time to time relating to the Notes. Notwithstanding anything set forth herein, the Purchaser is not engaged in the practice of law and makes no representation as to the legal sufficiency of the factual matters set forth herein.

EXECUTED and DELIVERED as of this ______________.

_______________________, as Purchaser

By:_____________________________________

Name:___________________________________

SCHEDULE A

PRICING WIRE OR EQUIVALENT COMMUNICATION

(*Attached*)

ISSUE PRICE CERTIFICATE
(Sales where **less than 3 bids are received from underwriters**)

The undersigned, as the underwriter or the manager of the syndicate of Underwriters (the "Purchaser"), with respect to the purchase at competitive sale of the Tax Notes, Series 2024 issued by Kerr County, Texas (the "County") in the principal amount of $3,010,000 (the "Notes"), hereby certifies and represents, based on its records and information, as follows:

(a) Other than the Notes maturing in ________________________ (the "Hold-the-Price Maturities"), if any, the first prices at which at least ten percent (the "Substantial Amount") of the principal amount of each maturity of the Notes having the same credit and payment terms (the "Maturity") was sold on the Sale Date to a person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter (the "Public") are their respective initial offering prices (the "Initial Offering Prices"), as listed in the pricing wire or equivalent communication for the Notes that is attached to this Certificate as Schedule A.

(b) On or before the first day on which there is a binding contract in writing for the sale of the Notes ("Sale Date"), the Purchaser offered to the Public each Hold-the-Price Maturity at their respective Initial Offering Prices, as set forth in Schedule A hereto.

(c) As set forth in the Notice of Sale, the Purchaser agreed in writing to neither offer nor sell any of the Hold-the-Price Maturities to any person at any higher price than the Initial Offering Price for such Maturity until the earlier of the close of the fifth business day after the Sale Date or the date on which the Purchaser sells a Substantial Amount of a Maturity of the Notes to the Public at no higher price than the Initial Offering Price for such Maturity.

(d) The Purchaser has [___]/has not [___] purchased bond insurance for the Notes. The bond insurance has been purchased from ___________________________ (the "Insurer") for a fee of $_______ (net any nonguarantee cost, e.g., rating agency fees). The amount of such fee is set forth in the Insurer's commitment and does not include any payment for any direct or indirect services other than the transfer of credit risk, unless the compensation for those other services is separately stated, reasonable, and excluded from such fee. Such fee does not exceed a reasonable, arm's-length charge for the transfer of credit risk and it has been paid to a person who is not exempt from federal income taxation and who is not a user or related to the user of any proceeds of the Notes. The present value of the debt service savings expected to be realized as a result of such insurance exceeds the amount of the fee set forth above. For this purpose, present value is computed using the yield on the Notes, determined by taking into account the amount of the fee set forth above, as the discount rate. No portion of the fee payable to the Insurer is refundable upon redemption of any of the Notes in an amount which would exceed the portion of such fee that has not been earned.

For purposes of this Issue Price Certificate, the term "Underwriter" means (1) (i) a person that agrees pursuant to a written contract with the County (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Notes to the Public, or (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (1)(i) of this paragraph (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Notes to the Public) to participate in the initial sale of the Notes to the Public, and (2) any person who has more than 50% common ownership, directly or indirectly, with a person described in clause (1) of this paragraph.

[Signature Page Follows]

The undersigned understands that the foregoing information will be relied upon by the County with respect to certain of the representations set forth in the Federal Tax Certificate and with respect to compliance with the federal income tax rules affecting the Notes, and by McCall, Parkhurst & Horton L.L.P. in connection with rendering its opinion that the interest on the Notes is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the County from time to time relating to the Notes. Notwithstanding anything set forth herein, the Purchaser is not engaged in the practice of law and makes no representation as to the legal sufficiency of the factual matters set forth herein.

EXECUTED and DELIVERED as of this ______________.

________________________, as Purchaser

By:_____________________________________

Name:___________________________________

SCHEDULE A

PRICING WIRE OR EQUIVALENT COMMUNICATION

(*Attached*)

NEW ISSUE
BOOK-ENTRY-ONLY

PRELIMINARY OFFICIAL STATEMENT
April 15, 2024

Rating:
S&P: "AA"
(See "OTHER PERTINENT INFORMATION – Rating" herein.)

In the opinion of Bond Counsel (defined herein), interest on the Notes will be excludable from gross income for federal income tax purposes under statutes, regulations, published rulings and court decisions on the date thereof, subject to matters described under "TAX MATTERS" herein, including the alternative minimum tax on certain corporations.

THE NOTES WILL BE DESIGNATED AS "QUALIFIED TAX-EXEMPT OBLIGATIONS" FOR FINANCIAL INSTITUTIONS

$3,010,000*
KERR COUNTY, TEXAS
TAX NOTES, SERIES 2024

Dated Date: April 1, 2024 (Interest to accrue from the Delivery Date) **Due: as shown on page ii**

Principal on the Kerr County, Texas (the "County") $3,010,000* Tax Notes, Series 2024 (the "Notes") is payable to the registered owner upon presentation at maturity at the designated office of the paying agent/registrar (the "Paying Agent/Registrar"), initially UMB Bank, N.A., Austin, Texas. The Notes will be issued in denominations of $5,000 or integral multiples thereof within a maturity. Interest on the Notes will accrue from the Delivery Date (defined below) and will be payable February 15 and August 15 of each year, commencing August 15, 2024, until maturity, calculated on the basis of a 360-day year consisting of twelve 30-day months, to the registered owner appearing on the registration records of the Paying Agent/Registrar on the "Record Date" (hereinafter defined). The County intends to utilize the Book-Entry-Only System of The Depository Trust Company ("DTC") but reserves the right on its behalf or on behalf of DTC to discontinue such system. Such Book-Entry-Only System will affect the method and timing of payment and the method of transfer of the Notes. See "BOOK-ENTRY-ONLY SYSTEM."

AUTHORITY FOR ISSUANCE: The Notes are being issued pursuant to the Constitution and general laws of the State of Texas, particularly Chapter 1431, Texas Government Code, as amended, and an order (the "Order") authorizing the issuance of the Notes to be adopted on April 22, 2024 by the Commissioners Court (the "Court") of the County (see "THE NOTES – Authority for Issuance").

PURPOSE: Proceeds of the Notes will be used for the purpose of (1) acquiring, improving and upgrading the County's information technology hardware and software and telecommunications systems, (2) acquiring vehicles and equipment for the Road and Bridge Department, and the volunteer fire departments, and (3) paying the costs of issuance of the Notes. See "THE NOTES – Purpose".

SECURITY FOR PAYMENT: The Notes are payable from the proceeds of an ad valorem tax levied, within the limitations prescribed by law, upon all taxable property in the County. See "THE NOTES – Security and Source of Payment."

OPTIONAL REDEMPTION: The Notes are not subject to optional redemption prior to stated maturity.

SEE MATURITY SCHEDULE ON PAGE ii

The Notes are offered for delivery when, as and if issued, and received by the initial purchaser thereof at a competitive sale (the "Initial Purchaser"), subject to the approval of legality by the Attorney General of the State of Texas and the approval of certain legal matters by McCall, Parkhurst & Horton L.L.P., San Antonio, Texas ("Bond Counsel"). The Notes are expected to be available for initial delivery through the services of DTC on or about May 21, 2024 (the "Delivery Date").

SEALED BIDS TO BE SUBMITTED: 10:00 A.M. CENTRAL TIME
APRIL 22, 2024

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* Preliminary, subject to change.

MATURITY SCHEDULE

$3,010,000*
TAX NOTES, SERIES 2024
CUSIP No. Prefix[1]: 492350

Maturity Date	Principal Amount*	Interest Rate	Initial Yield[2]	CUSIP No. Suffix[1]
08/15/2024	$430,000			
02/15/2025	320,000			
02/15/2026	335,000			
02/15/2027	350,000			
02/15/2028	365,000			
02/15/2029	385,000			
02/15/2030	405,000			
02/15/2031	420,000			

(Interest to accrue from the Delivery Date)

The Notes are not subject to optional redemption prior to stated maturity

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[1] CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, which is managed on behalf of the American Bankers Association by FactSet Research Systems Inc.. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP services. None of the County, the Initial Purchaser, or the Financial Advisor shall be responsible for the selection or correctness of the CUSIP numbers shown herein.
[2] The initial yield represents the initial offering yield to the public which has been established by the Initial Purchaser for offers to the public and which may be subsequently changed by the Initial Purchaser and is the sole responsibility of the Initial Purchaser.

* Preliminary, subject to change.

KERR COUNTY

700 Main Street
Kerrville, Texas 78028

COMMISSIONERS COURT

Hon. Rob Kelly
County Judge

Anne Overby Commissioner, Precinct 1	Rich Paces Commissioner, Precinct 2
Jonathan Letz Commissioner, Precinct 3	Don Harris Commissioner, Precinct 4

ADMINISTRATION

Tanya Shelton	County Auditor
Tracy Soldan	County Treasurer
Ian Collum	County Clerk
Bob Reeves	Tax Assessor-Collector

CONSULTANTS AND ADVISORS

Certified Public Accountants	Armstrong, Vaughn & Associates, P.C. Universal City, Texas
Bond Counsel	McCall, Parkhurst & Horton L.L.P. San Antonio, Texas
Financial Advisor	RBC Capital Markets, LLC San Antonio, Texas

FOR MORE INFORMATION CONTACT:

Tanya Shelton County Auditor Kerr County, Texas 700 Main Street, Suite 103 Kerrville, Texas 78028 (830) 792-2235	R. Dustin Traylor Robert V. Henderson RBC Capital Markets, LLC 303 Pearl Parkway, Suite 220 San Antonio, Texas 78215 (210) 805-1118

USE OF INFORMATION IN OFFICIAL STATEMENT

For purpose of compliance with Rule 15c2-12 of the United States Securities and Exchange Commission ("Rule 15c2-12"), this document constitutes an "official statement" of the County with respect to the Notes that has been "deemed final" by the County except for the omission of no more than the information permitted by Rule 15c2-12.

This Official Statement, which includes the cover page and the appendices hereto, does not constitute an offer to sell or the solicitation of an offer to buy in any jurisdiction to any person to whom it is unlawful to make such offer, solicitation or sale.

No dealer, broker, salesperson or other person has been authorized by the County or the Initial Purchaser to give information or to make any representation other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by the County or the Initial Purchaser.

The information set forth herein has been obtained from sources which are considered to be reliable, but such information is not guaranteed as to the accuracy or completeness and is not to be construed as a representation by the Initial Purchaser. This Official Statement contains, in part, estimates and matters of opinion which are not intended as statements of fact, and no representation is made as to the correctness of such estimates and opinions, or that they will be realized.

The information and expressions of opinion contained herein are subject to change without notice, and neither the delivery of the Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the County or other matters described. See "CONTINUING DISCLOSURE OF INFORMATION" herein for a description of the County's undertaking to provide certain information on a continuing basis.

THIS OFFICIAL STATEMENT IS INTENDED TO REFLECT FACTS AND CIRCUMSTANCES ON THE DATE OF THIS OFFICIAL STATEMENT OR ON SUCH OTHER DATE OR AT SUCH OTHER TIME AS IDENTIFIED HEREIN. NO ASSURANCE CAN BE GIVEN THAT SUCH INFORMATION MAY NOT BE MISLEADING AT A LATER DATE. CONSEQUENTLY, RELIANCE ON THIS OFFICIAL STATEMENT AT TIMES SUBSEQUENT TO THE ISSUANCE OF THE NOTES DESCRIBED HEREIN SHOULD NOT BE MADE ON THE ASSUMPTION THAT ANY SUCH FACTS OR CIRCUMSTANCES ARE UNCHANGED.

IN CONNECTION WITH THE OFFERING OF THE NOTES, THE INITIAL PURCHASER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF THE NOTES AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THE NOTES ARE EXEMPT FROM REGISTRATION WITH THE SECURITIES AND EXCHANGE COMMISSION AND CONSEQUENTLY HAVE NOT BEEN REGISTERED THEREWITH. THE REGISTRATION, QUALIFICATION, OR EXEMPTION OF THE NOTES IN ACCORDANCE WITH APPLICABLE SECURITIES LAW PROVISIONS OF THE JURISDICTIONS IN WHICH THESE NOTES HAVE BEEN REGISTERED, QUALIFIED, OR EXEMPTED SHOULD NOT BE REGARDED AS A RECOMMENDATION THEREOF.

NONE OF THE COUNTY, THE FINANCIAL ADVISOR, OR THE INITIAL PURCHASER MAKE ANY REPRESENTATION OR WARRANTY WITH RESPECT TO THE INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT REGARDING THE DEPOSITORY TRUST COMPANY OR ITS BOOK-ENTRY-ONLY SYSTEM.

THIS OFFICIAL STATEMENT CONTAINS "FORWARD-LOOKING" STATEMENTS WITHIN THE MEANING OF SECTION 21E OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED. SUCH STATEMENTS MAY INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE THE ACTUAL RESULTS, PERFORMANCE AND ACHIEVEMENTS TO BE DIFFERENT FROM THE FUTURE RESULTS, PERFORMANCE AND ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. INVESTORS ARE CAUTIONED THAT THE ACTUAL RESULTS COULD DIFFER MATERIALLY FROM THOSE SET FORTH IN THE FORWARD-LOOKING STATEMENTS. SEE "OTHER PERTINENT INFORMATION - FORWARD-LOOKING STATEMENTS" HEREIN.

References to website addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement for purposes of, and as that term is defined in Rule 15c2-12.

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OFFICIAL STATEMENT

relating to

$3,010,000*
KERR COUNTY, TEXAS
TAX NOTES, SERIES 2024

INTRODUCTION

This Official Statement provides certain information in connection with the issuance by Kerr County, Texas (the "County") of its $3,010,000* Tax Notes, Series 2024 (the "Notes"). The County is a political subdivision of the State of Texas and operates under the statutes and the Constitution of the State of Texas.

Included in this Official Statement are descriptions of the Notes, and certain information about the County and its finances. All financial and other information presented in this Official Statement has been provided by the County from its records, except for information expressly attributed to other sources. The presentation of information, including tables of receipts from taxes, is intended to show recent historic information, and is not intended to indicate future or continuing trends in the financial position or other affairs of the County. No representation is made that past experience, as is shown by that financial and other information, will necessarily continue or be repeated in the future. See "OTHER PERTINENT INFORMATION – Infectious Disease Outbreak – COVID-19" herein.

ALL DESCRIPTIONS OF DOCUMENTS CONTAINED HEREIN ARE SUMMARIES ONLY AND ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO EACH SUCH DOCUMENT. Copies of such documents may be obtained from the County or the Financial Advisor.

This Official Statement speaks only as to its date, and the information contained herein is subject to change. A copy of the final Official Statement pertaining to the Notes will be submitted to the Municipal Securities Rulemaking Board, through its Electronic Municipal Market Access ("EMMA") system. See "CONTINUING DISCLOSURE OF INFORMATION" for a description of the County's undertaking to provide certain information on a continuing basis.

THE NOTES

General Description

The Notes will be dated April 1, 2024 (the "Dated Date"), and will be issued in fully-registered form, in denominations of $5,000 or any integral multiple thereof within a maturity. Interest on the Notes will accrue from the Delivery Date (as defined on the front cover hereof) and interest will be paid semiannually on February 15 and August 15 of each year, commencing August 15, 2024, until stated maturity or prior redemption. Interest on the Notes will be calculated on the basis of a 360-day year composed of twelve 30-day months. The Notes will mature on the dates and in the amounts as set forth on page ii hereof.

Principal and interest will be paid by UMB Bank, N.A., Austin, Texas (the "Paying Agent/Registrar"). Subject to the requirements associated with the use of the Book-Entry-Only System (see "BOOK-ENTRY-ONLY SYSTEM" herein), interest will be paid by check dated as of the interest payment date and mailed first class, postage paid, on or before each interest payment date by the Paying Agent/Registrar to the registered owners (the "Owners") appearing on the registration books of the Paying Agent/Registrar on the Record Date (herein defined), or by such other method acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense, of such Owner. Principal will be paid to the Owners at maturity upon presentation and surrender of the Notes to the Paying Agent/Registrar. If the date for the payment of the principal of or interest on the Notes shall be a Saturday, Sunday, a legal holiday, or a day on which banking institutions in the County where the Paying Agent/Registrar is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not such a Saturday, Sunday, legal holiday, or day on which banking institutions are authorize to close; and payment on such date shall have the same force and effect as if made on the original date payment was due. The County will initially use the Book-Entry Only System of The Depository Trust Company ("DTC"), New York, New York, in regard to the issuance, payment and transfer of the Notes. Such system will affect the timing and method of payment of the Notes. See "BOOK-ENTRY ONLY SYSTEM" herein.

Authority for Issuance

The Notes are being issued pursuant to the Constitution and general laws of the State of Texas, particularly Chapter 1431, Texas Government Code, as amended, and an order (the "Order") authorizing the issuance of the Notes to be adopted on April 22, 2024 by the Commissioners Court (the "Court") of the County.

Purpose

Proceeds of the Notes will be used for the purpose of (1) acquiring, improving and upgrading the County's information technology hardware and software and telecommunications systems, (2) acquiring vehicles and equipment for the Road and Bridge Department and the volunteer fire departments, and (3) paying the costs of issuance of the Notes.

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* Preliminary, subject to change.

Security and Source of Payment

The Notes are payable from the proceeds of an ad valorem tax levied, within the limitations prescribed by law, upon all taxable property in the County.

Legality

The Notes are offered when, as and if issued, subject to the approval of legality by the Attorney General of the State of Texas and McCall, Parkhurst & Horton L.L.P., San Antonio, Texas, Bond Counsel. See "LEGAL MATTERS" herein.

Redemption Provisions

The Notes are not subject to optional redemption prior to stated maturity.

Defeasance of Notes

The Order provides for the defeasance of the Notes when payment of the principal of and premium, if any, on Notes, plus interest thereon to the due date thereof (whether such due date be by reason of maturity or otherwise), is provided by irrevocably depositing with a paying agent, in trust (A) money sufficient to make such payment or (B) Defeasance Securities that mature as to principal and interest in such amounts and at such times to ensure the availability, without reinvestment, of sufficient money to make such payment, and all necessary and proper fees, compensation and expenses of the paying agent for the Notes, or (C) combination of money and Defeasance Securities together so certified sufficient to make such payments. The Order provides that "Defeasance Securities" means (1) direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, (2) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that are rated as to investment quality by a nationally recognized investment rating firm not less than “AAA” or its equivalent, (3) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that are rated as to investment quality by a nationally recognized investment rating firm not less than “AAA” or its equivalent and, (4) any other then authorized securities or obligations under applicable State law that may be used to defease obligations such as the Notes. County officials may restrict such eligible securities in connection with the sale of the Notes. The County has additionally reserved the right, subject to satisfying the requirements of (A) and (B) above, to substitute other Defeasance Securities for the Defeasance Securities originally deposited, to reinvest the uninvested moneys on deposit for such defeasance and to withdraw for the benefit of the County moneys in excess of the amount required for such defeasance.

Upon such deposit as described above, such Notes shall no longer be regarded to be outstanding or unpaid. After firm banking and financial arrangements for the discharge and final payment of the Notes have been made as described above, all rights of the County to take any other action amending the terms of the Notes are extinguished.

Amendments

The County may amend the Order without the consent of or notice to any registered owner as may be required (i) by the provisions thereof, (ii) for the purpose of curing any ambiguity, inconsistency, or formal defect or omission therein, or (iii) in connection with any other change which is not to the prejudice of the registered owners. In addition, the County may, with the written consent of the holder of a majority in aggregate principal amount of the Notes then outstanding and affected thereby, amend, change, modify, or rescind any provisions of the Order; provided that without the consent of all of the registered owners affected, no such amendment, change, modification, or rescission shall: (i) extend the time or times of payment of the principal of and interest on the Notes, reduce the principal amount thereof or the rate of interest thereon, (ii) give any preference to any Note over any other Note, (ii) extend any waiver of default to subsequent defaults, or (iv) reduce the aggregate principal amount of Notes required for consent to any such amendment, change, modification, or rescission.

Defaults and Remedies

If the County (i) defaults in the payment of the principal, premium, if any, or interest on the Notes, (ii) defaults in the deposits and credits required to be made to the Interest and Sinking Fund, or (iii) defaults in the observance or performance of any other of the covenants, conditions or obligations set forth in the Order and the continuation thereof for 30 days after the County has received written notice of such defaults, the registered owners may seek a writ of mandamus to compel County officials to carry out their legally imposed duties with respect to the Notes, if there is no other available remedy at law to compel performance of the Notes or the Order and the County’s obligations are not uncertain or disputed. The issuance of a writ of mandamus is controlled by equitable principles, so rests with the discretion of the court, but may not be arbitrarily refused. There is no acceleration of maturity of the Notes in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. The Order does not provide for the appointment of a trustee to represent the interest of the Noteholders upon any failure of the County to perform in accordance with the terms of the Order, or upon any other condition and accordingly all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the registered owners. Texas counties are generally immune from suits for money damages for breach of contracts under the doctrine of sovereign immunity. The Texas Supreme Court ruled in *Tooke v. City of Mexia*, 197 S.W.3d 325 (Tex. 2006) that a waiver of sovereign immunity in a contractual dispute must be provided for by statute in “clear and unambiguous” language. Because it is unclear whether the Texas legislature has effectively waived the County’s sovereign immunity from a suit for money damages, Noteholders may not be able to bring such a suit against the County for breach of the Notes or the Order. Even if a judgment against the County could be obtained, it could not be enforced by direct levy and execution against the County’s property. Further, the registered owners cannot themselves foreclose on property within the County or sell property within the County to enforce the tax lien on taxable property to pay the principal of and interest on the Notes. Furthermore, the County is eligible to seek relief from its creditors under Chapter 9 of the U.S.

Bankruptcy Code ("Chapter 9"). Although Chapter 9 provides for the recognition of a security interest represented by a specifically pledged source of revenues, the pledge of ad valorem taxes in support of a general obligation of a bankrupt entity is not specifically recognized as a security interest under Chapter 9. Chapter 9 also includes an automatic stay provision that would prohibit, without Bankruptcy Court approval, the prosecution of any other legal action by creditors or Noteholders of an entity which has sought protection under Chapter 9. Therefore, should the County avail itself of Chapter 9 protection from creditors, the ability to enforce would be subject to the approval of the Bankruptcy Court (which could require that the action be heard in Bankruptcy Court instead of other federal or state court); and the Bankruptcy Code provides for broad discretionary powers of a Bankruptcy Court in administering any proceeding brought before it. The opinion of Bond Counsel will note that all opinions relative to the enforceability of the Order and the Notes are qualified with respect to the customary rights of debtors relative to their creditors and by general principles of equity which permit the exercise of judicial discretion.

Record Date

The record date ("Record Date") for determining the person to whom the interest is payable on the Notes on any interest payment date means the last business day of the month next preceding the date that each interest payment is due. In the event of a non-payment of interest on a scheduled payment date, and for 30 days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the County. Notice of the Special Record Date and of the scheduled payment date of the past due interest (the "Special Payment Date" which must be 15 days after the Special Record Date) will be sent at least five business days prior to the Special Record Date by United States mail, first class, postage prepaid, to the address of each registered owner of a Note appearing on the registration books of the Paying Agent/Registrar at the close of business on the last business day next preceding the date of mailing of such notice.

Paying Agent/Registrar

The initial Paying Agent/Registrar for the Notes is UMB Bank, N.A., Austin, Texas. In the Order, the County retains the right to replace the Paying Agent/Registrar for the Notes If the Paying Agent/Registrar is replaced by the County, the Paying Agent/Registrar, promptly upon the appointment of its successor, is required to deliver the registration records to the successor Paying Agent/Registrar. Any successor Paying Agent/Registrar selected by the County shall be a commercial bank, trust company organized under the laws of the State of Texas or other entity duly qualified and legally authorized to serve as and perform the duties of Paying Agent/Registrar. Upon any change in the Paying Agent/Registrar for the Notes, the County shall promptly cause a written notice of such change to be sent to each registered owner of the Notes affected by the change, by United States mail, first class, postage prepaid, which notice shall give the address for the new Paying Agent/Registrar.

Future Registration

In the event the use of the "Book-Entry-Only System" for the Notes should be discontinued, printed Notes will be delivered to the registered owners of the Notes and thereafter such Notes may be transferred, registered and assigned on the registration books only upon their presentation and surrender to the Paying Agent/Registrar, and such registration and transfer shall be without expense or service charge to the registered owner except for any tax or other governmental charges required to be paid with respect to such registration and transfer. The Notes may be assigned by the execution of an assignment form on the Notes or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. New Notes will be delivered by the Paying Agent/Registrar in lieu of the Notes being transferred or exchanged at the designated office of the Paying Agent/Registrar, or sent by United States registered mail to the new registered owner at the owner's request, risk and expense. To the extent possible, new Notes issued in an exchange or transfer of Notes will be delivered to the registered owner or assignee of the owner in not more than three (3) business days after the receipt of the Notes to be canceled in the exchange or transfer and the written instrument of transfer or request for exchange duly executed by the owner or his duly authorized agent, in form satisfactory to the Paying Agent/Registrar. New Notes registered and delivered in an exchange or transfer shall be in denominations of $5,000 of principal amount for any one maturity or any integral multiple thereof and for a like aggregate principal amount as the Notes surrendered for exchange or transfer (see "BOOK-ENTRY-ONLY SYSTEM" herein).

Limitation on Transfer of Notes

Neither the County nor the Paying Agent/Registrar shall be required to transfer or exchange any Note during the period commencing with the close of business on any Record Date and ending with the opening of business on the next following principal or interest payment date.

Mutilated, Destroyed, Lost, or Stolen Notes

If any Note is mutilated, destroyed, stolen or lost, a new Note in the same principal amount as the Note so mutilated, destroyed, stolen or lost will be issued. In the case of a mutilated Note, such new Note will be delivered only upon surrender and cancellation of such mutilated Note. In the case of any Note issued in lieu of and in substitution for a Note which has been destroyed, stolen or lost, such new Note will be delivered only (a) upon filing with the County and the Paying Agent/Registrar evidence satisfactory to them that such Note has been destroyed, stolen or lost and proof of the ownership thereof, and (b) upon furnishing the County and the Paying Agent/Registrar with indemnity satisfactory to them. The person requesting the authentication and delivery of a new Note must pay such expenses as the Paying Agent/Registrar may incur in connection therewith.

Payment Record

The County has never defaulted on the payment of its bonded indebtedness.

SOURCES AND USES OF PROCEEDS

The following table shows the estimated sources and uses of the proceeds of the Notes:

Sources:		
	Principal Amount of the Notes	$
	Net Reoffering Premium/Discount	
	Total Sources of Funds	**$**
Uses:		
	Deposit to Project Fund	$
	Costs of Issuance and Initial Purchaser's Discount	
	Total Uses of Funds	**$**

BOOK-ENTRY-ONLY SYSTEM

This section describes how ownership of the Notes is to be transferred and how the principal of, premium, if any, and interest on the Notes are to be paid to and credited by DTC while the Notes are registered in its nominee name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Official Statement. The County, the Financial Advisor and the Initial Purchaser believe the source of such information to be reliable, but take no responsibility for the accuracy or completeness thereof.

The County cannot and does not give any assurance that (1) DTC will distribute payments of debt service on the Notes, or redemption or other notices, to DTC Direct Participants, (2) DTC Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the Notes), or redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or (3) DTC will serve and act in the manner described in this Official Statement. The current rules applicable to DTC are on file with the Securities and Exchange Commission, and the current procedures of DTC to be followed in dealing with DTC Participants are on file with DTC.

DTC will act as securities depository for the Notes. The Notes will be issued as fully-registered Notes registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each stated maturity of the Notes, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has an S&P Global Ratings' rating of "AA+". The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Notes on DTC's records. The ownership interest of each actual purchaser of each Note ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Notes are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Notes, except in the event that use of the book-entry system for the Notes is discontinued.

To facilitate subsequent transfers, all Notes deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Notes with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such Notes are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Notes may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Notes, such as redemptions, tenders, defaults, and proposed amendments to the Note documents. For example, Beneficial

Owners of Notes may wish to ascertain that the nominee holding the Notes for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Notes are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Notes unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the County as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

All payments on the Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the County or the Paying Agent/Registrar, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with Notes held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent/Registrar, or the County, subject to any statutory or regulatory requirements as may be in effect from time to time. Payments on the Notes to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) are the responsibility of the County or the Paying Agent/Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Notes at any time by giving reasonable notice to the County or the Paying Agent/Registrar. Under such circumstances, in the event that a successor depository is not obtained, certificates for the Notes are required to be printed and delivered.

The County may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, certificates for the Notes will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the County believes to be reliable, but neither the County nor the Initial Purchaser take any responsibility for the accuracy thereof.

Use of Certain Terms in Other Sections of this Official Statement

In reading this Official Statement it should be understood that while the Notes are in Book-Entry-Only form, references in other sections of this Official Statement to registered owners should be read to include the person for which the Participant acquires an interest in the Notes, but (i) all rights of ownership must be exercised through DTC and the Book-Entry-Only System, and (ii) except as described above, payment or notices that are to be given to registered owners under the Order will be given only to DTC.

Information concerning DTC and the Book-Entry-Only System has been obtained from DTC and is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by, the County, the Financial Advisor or the Initial Purchaser.

AD VALOREM PROPERTY TAXATION

The following is a summary of certain provisions of State law as it relates to ad valorem taxation and is not intended to be complete. Reference is made to Title I of the Texas Tax Code, as amended (the "Property Tax Code"), for identification of property subject to ad valorem taxation, property exempt or which may be exempted from ad valorem taxation if claimed, the appraisal of property for ad valorem tax purposes, and the procedures and limitations applicable to the levy and collection of ad valorem taxes.

Valuation of Taxable Property

The Property Tax Code provides for countywide appraisal and equalization of taxable property values and establishes in each county of the State an appraisal district and an appraisal review board ("Appraisal Review Board") responsible for appraising property for all taxing units within the county. The appraisal of property within the County is the responsibility of the Kerr Central Appraisal District (the "Appraisal District"). Except as described below, the Appraisal District is required to appraise all property within the Appraisal District on the basis of 100% of its market value and is prohibited from applying any assessment ratios. In determining market value of property, the Appraisal District is required to consider the cost method of appraisal, the income method of appraisal and the market data comparison method of appraisal, and use the method the chief appraiser of the Appraisal District considers most appropriate. The Property Tax Code requires appraisal districts to reappraise all property in its jurisdiction at least once every three years. A taxing unit may require annual review at its own expense, and is entitled to challenge the determination of appraised value of property within the taxing unit by petition filed with the Appraisal Review Board.

State law requires the appraised value of an owner's principal residence ("homestead" or "homesteads") to be based solely on the property's value as a homestead, regardless of whether residential use is considered to be the highest and best use of the property. State law further limits the appraised value of a homestead to the lesser of (1) the market value of the property or (2) 110% of the appraised value of the property for the preceding tax year plus the market value of all new improvements to the property (the "10% Homestead Cap"). The 10% increase is cumulative, meaning the maximum increase is 10% times the number of years since the property was last appraised.

State law provides that eligible owners of both agricultural land and open-space land, including open-space land devoted to farm or ranch purposes or open-space land devoted to timber production, may elect to have such property appraised for property taxation on the basis of its productive capacity ("Productivity Value"). The same land may not be qualified as both agricultural and open-space land.

The appraisal values set by the Appraisal District are subject to review and change by the Appraisal Review Board. The appraisal rolls, as approved by the Appraisal Review Board, are used by taxing units, such as the County, in establishing their tax rolls and tax rates. See "AD VALOREM PROPERTY TAXATION – County and Taxpayer Remedies."

State Mandated Homestead Exemptions

State law grants, with respect to each taxing unit in the State, various exemptions for disabled veterans and their families, surviving spouses of members of the armed services killed in action and surviving spouses of first responders killed or fatally wounded in the line of duty.

Local Option Homestead Exemptions

The governing body of a taxing unit, including a city, county, school district, or special district, at its option may grant: (1) an exemption of up to 20% of the market value of all homesteads (but not less than $5,000) and (2) an additional exemption of at least $3,000 of the appraised value of the homesteads of persons 65 years of age or older and the disabled. Each taxing unit decides if it will offer the local option homestead exemptions and at what percentage or dollar amount, as applicable. The exemption described in (2), above, may also be created, increased, decreased or repealed at an election called by the governing body of a taxing unit upon presentment of a petition for such creation, increase, decrease, or repeal of at least 20% of the number of qualified voters who voted in the preceding election of the taxing unit.

Local Option Freeze for the Elderly and Disabled

The governing body of a county, municipality or junior college district may, at its option, provide for a freeze on the total amount of ad valorem taxes levied on the homesteads of persons 65 years of age or older or of disabled persons above the amount of tax imposed in the year such residence qualified for such exemption. Also, upon voter initiative, an election may be held to determine by majority vote whether to establish such a freeze on ad valorem taxes. Once the freeze is established, the total amount of taxes imposed on such homesteads cannot be increased except for certain improvements, and such freeze cannot be repealed or rescinded.

Personal Property

Tangible personal property (furniture, machinery, supplies, inventories, etc.) used in the "production of income" is taxed based on the property's market value. Taxable personal property includes income-producing equipment and inventory. Intangibles such as goodwill, accounts receivable, and proprietary processes are not taxable. Tangible personal property not held or used for production of income, such as household goods, automobiles or light trucks, and boats, is exempt from ad valorem taxation unless the governing body of a taxing unit elects to tax such property.

Freeport and Goods-in-Transit Exemptions

Certain goods detained in the State for 175 days or less for the purpose of assembly, storage, manufacturing, processing or fabrication ("Freeport Property") are exempt from ad valorem taxation unless a taxing unit took official action to tax Freeport Property before April 1, 1990 and has not subsequently taken official action to exempt Freeport Property. Decisions to continue to tax Freeport Property may be reversed in the future; decisions to exempt Freeport Property are not subject to reversal.

Certain goods, principally inventory, that are stored for the purposes of assembling, storing, manufacturing, processing or fabricating the goods in a location that is not owned by the owner of the goods and are transferred from that location to another location within 175 days ("Goods-in-Transit"), are exempt from ad valorem taxation unless a taxing unit takes official action, after conducting a public hearing, before January 1 of the first tax year in which the taxing unit proposes to tax Goods-in-Transit. Goods-in-Transit and Freeport Property do not include oil, natural gas or petroleum products, and Goods-in-Transit does not include special inventories such as motor vehicles or boats in a dealer's retail inventory.

A taxpayer may receive only one of the Goods-in-Transit or Freeport Property exemptions for items of personal property.

Other Exempt Property

Other major categories of exempt property include property owned by the State or its political subdivisions if used for public purposes, property exempt by federal law, property used for pollution control, farm products owned by producers, property of nonprofit corporations used for scientific research or educational activities benefitting a college or university, designated historic sites, solar and wind-powered energy devices, and certain classes of intangible personal property.

Temporary Exemption For Qualified Property Damaged By A Disaster

The Property Tax Code entitles the owner of certain qualified (i) tangible personal property used for the production of income, (ii) improvements to real property, and (iii) manufactured homes located in an area declared by the governor to be a disaster area following a disaster and is at least 15 percent physically damaged by the disaster, as determined by the chief appraiser, to an exemption from taxation of a portion of the appraised value of the property. The amount of the exemption ranges from 15 percent to 100 percent based upon the damage assessment rating assigned by the chief appraiser. Except in situations where the territory is declared a disaster on or after the date the taxing unit adopts a tax rate for the year in which the disaster declaration is issued, the governing body of the taxing unit is not required to take any action in order for the taxpayer to be eligible for the exemption. If a taxpayer qualifies for the exemption after the beginning of the tax year, the amount of the exemption is prorated based on the number of days left in the tax year following the day on which the governor declares the area to be a disaster area. For more information on the exemption, reference is made to Section 11.35 of the Tax Code. Section 11.35 of the Tax Code was enacted during the 2019 legislative session, and there is no historical judicial precedent for how the statute will be applied. Texas Attorney General Opinion KP-0299, issued on April 13, 2020, concluded a court would likely find the Texas Legislature intended to limit the temporary tax exemption to apply to property physically harmed as a result of a declared disaster.

Tax Increment Reinvestment Zones

A city or county, by petition of the landowners or by action of its governing body, may create one or more tax increment reinvestment zones ("TIRZ") within its boundaries. At the time of the creation of the TIRZ, a "base value" for the real property in the TIRZ is established and the difference between any increase in the assessed valuation of taxable real property in the TIRZ in excess of the base value is known as the "tax increment". During the existence of the TIRZ, all or a portion of the taxes levied against the tax increment by a city or county, and all other overlapping taxing 19 units that elected to participate, are restricted to paying only planned project and financing costs within the TIRZ and are not available for the payment of other obligations of such taxing units.

Tax Abatement Agreements

Taxing units may also enter into tax abatement agreements to encourage economic development. Under the agreements, a property owner agrees to construct certain improvements on its property. The taxing unit, in turn, agrees not to levy a tax on all or part of the increased value attributable to the improvements until the expiration of the agreement. The abatement agreement could last for a period of up to 10 years.

For a discussion of how the various exemptions described above are applied by the County, see “AD VALOREM PROPERTY TAXATION – County Application of the Property Tax Code” herein.

Chapter 381 Agreements

The County is authorized, pursuant to Chapter 381, Texas Local Government Code, as amended (“Chapter 381”), to establish programs to promote state or local economic development and to stimulate business and commercial activity in the County. In accordance with a program established pursuant to Chapter 381, the County may make loans or grants of public funds for economic development purposes, however no obligations secured by ad valorem taxes may be issued for such purposes unless approved by voters of the County. The County may contract with the federal government, the State, another political subdivision, a nonprofit organization or any other entity, including private entities, for the administration of such a program.

Public Hearing and Maintenance and Operation Tax Rate Limitations

The following terms as used in this section have the meanings provided below:

“adjusted” means lost values are not included in the calculation of the prior year’s taxes and new values are not included in the current year’s taxable values.

“de minimis rate” means the maintenance and operations tax rate that will produce the prior year’s total maintenance and operations tax levy (adjusted) from the current year’s values (adjusted), plus the rate that produces an additional $500,000 in tax revenue when applied to the current year’s taxable value, plus the debt service tax rate.

“no-new-revenue tax rate” means the combined maintenance and operations tax rate and debt service tax rate that will produce the prior year’s total tax levy (adjusted) from the current year’s total taxable values (adjusted). Certain counties for which certain expenditures for indigent legal defense or certain hospital expenditures exceed the amount for such expenditures for the preceding tax year, may increase their no-new-revenue tax rate proportionately with such expenditures in the manner provided by the Property Tax Code.

“special taxing unit” means a county for which the maintenance and operations tax rate proposed for the current tax year is 2.5 cents or less per $100 of taxable value.

“unused increment rate” means the cumulative difference between a county’s voter-approval tax rate and its actual tax rate for each of the tax years 2020 through 2022, which may be applied to a county’s tax rate in tax years 2021 through 2023 without impacting the voter-approval tax rate.

“voter-approval tax rate” means the maintenance and operations tax rate that will produce the prior year’s maintenance and operations tax levy (adjusted) from the current year’s values (adjusted) multiplied by 1.035, plus the debt service tax rate, plus the “unused increment rate”.

The County’s tax rate consists of two components: (1) rates for funding of maintenance and operations expenditures in the current year, which may additionally include the Road and Bridge Maintenance Tax and the Farm-to-Market Road and Flood Control Tax, if levied (collectively, the “maintenance and operations tax rate”), and (2) a rate for funding debt service in the current year (the “debt service tax rate”). Under State law, the assessor for the County must submit an appraisal roll showing the total appraised, assessed, and taxable values of all property in the County to the Commissioners Court by August 1 or as soon as practicable thereafter.

The County must annually calculate and prominently post on its internet website, and submit to the County tax assessor-collector its voter-approval tax rate and no-new-revenue tax rate in accordance with forms prescribed by the State Comptroller. The Commissioners Court must adopt a tax rate before the later of September 30 or the 60th day after the date the certified appraisal roll is received by the County, except that a tax rate that exceeds the voter-approval tax rate must be adopted not later than the 71st day before the next occurring November uniform election date. If the County fails to timely adopt a tax rate, the tax rate is statutorily set as the lower of the no-new-revenue tax rate for the current tax year or the tax rate adopted by the County for the preceding tax year.

As described below, the Property Tax Code provides that if a county adopts a tax rate that exceeds the voter-approval tax rate or, in certain cases, the de minimis rate, an election must be held to determine whether or not to reduce the adopted tax rate to the voter-approval tax rate.

A county may not adopt a tax rate that exceeds the lower of the voter-approval tax rate or the no-new-revenue tax rate until the county appraisal district has delivered notice to each taxpayer of the estimated total amount of property taxes owed and the county has held a public hearing on the proposed tax increase.

If a county's adopted tax rate for any tax year exceeds the greater of (i) the voter-approval tax rate or (ii) the de minimis rate, the county must conduct an election on the next occurring November uniform election date to determine whether or not to reduce the adopted tax rate to the voter-approval tax rate. However, for any tax year during which a county does not qualify as a special taxing unit, if a county's adopted tax rate is equal to or less than the de minimis rate but greater than both (a) the no-new-revenue tax rate, multiplied by 1.08, plus the debt service tax rate or (b) the county's voter-approval tax rate, then a valid petition signed by at least three percent of the registered voters in the county would require that an election be held to determine whether or not to reduce the adopted tax rate to the voter-approval tax rate.

Any county located at least partly within an area declared a disaster area by the Governor of the State or the President of the United States during the current year may calculate its voter-approval tax rate using a 1.08 multiplier, instead of 1.035, until the earlier of (i) the second tax year in which such county's total taxable appraised value exceeds the taxable appraised value on January 1 of the year the disaster occurred, or (ii) the third tax year after the tax year in which the disaster occurred.

State law provides cities and counties in the State the option of assessing a maximum one-half percent (1/2%) sales and use tax on retail sales of taxable items for the purpose of reducing its ad valorem taxes, if approved by a majority of the voters in a local option election. If the additional sales and use tax for ad valorem tax reduction is approved and levied, the no-new-revenue tax rate and voter-approval tax rate must be reduced by the amount of the estimated sales tax revenues to be generated in the current tax year.

The calculations of the no-new-revenue tax rate and voter-approval tax rate do not limit or impact the County's ability to set a debt service tax rate in each year sufficient to pay debt service on all of the County's tax-supported debt obligations, including the Notes.

Reference is made to the Property Tax Code for definitive requirements for the levy and collection of ad valorem taxes and the calculation of the various defined tax rates.

Debt Tax Rate Limitations

Article VIII, Section 9 of the Texas Constitution imposes a limit of $0.80 per $100 assessed valuation for all purposes of a county's General Fund, Permanent Improvement Fund, Road and Bridge Fund and Jury Fund, including debt service on bonds or other debt issued against such funds. Administratively, the Attorney General of Texas will not approve limited tax obligations in an amount which produces debt service requirements exceeding that which can be paid from $0.40 of the foregoing $0.80 maximum tax rate, as calculated at the time of issuance.

Article III, Section 52 of the Texas Constitution authorizes the County to levy a direct, continuing ad valorem tax on all taxable property within the County, without limit as to rate or amount to pay the principal of and interest on the County's road bonds if approved by the voters in the County. The principal amount of unlimited tax road bonds issued by the County and outstanding at any point in time, aggregated with outstanding unlimited tax debt of certain road districts located within the County cannot exceed 25% of the assessed valuation of all real property located in the County.

Article VIII, Section 9 of the Texas Constitution and State statute authorize the County to levy a special Road and Bridge Fund Tax (the "Road and Bridge Maintenance Tax") in an amount not to exceed $0.15 per $100 assessed valuation, no part of which may be used for debt service, if approved by the voters.

Article VIII, Section 1-a of the Texas Constitution and State statute permit the County to levy a tax for Farm-to-Market Road and Flood Control purposes (the "Farm-to-Market Road and Flood Control Tax") in an amount not to exceed $0.30 per $100 assessed valuation after the mandatory $3,000 homestead exemption, if approved by the voters. There is no allocation prescribed by statutes between debt service and maintenance.

Section 1301.003, Texas Government Code, as amended, limits the amount of limited tax obligations of counties issued pursuant to such authority for those certain purposes as follows:

Courthouse	2% of Taxable Assessed Valuation
Jail	1 1/2% of Taxable Assessed Valuation
Courthouse and Jail	3 1/2% of Taxable Assessed Valuation
Bridge	1 1/2% of Taxable Assessed Valuation

County and Taxpayer Remedies

Under certain circumstances, the County and its taxpayers may appeal the determinations of the Appraisal District by timely initiating a protest with the Appraisal Review Board. Additionally, taxing units such as the County may bring suit against the Appraisal District to compel compliance with the Property Tax Code.

Owners of certain property with a taxable value of at least $50 million and situated in a county with a population of one million or more as of the most recent federal decennial census may additionally protest the determinations of the Appraisal District directly to a three-member special panel of the Appraisal Review Board, selected by a State district judge, consisting of highly qualified professionals in the field of property tax appraisal.

The Property Tax Code sets forth notice and hearing procedures for certain tax rate increases by the County and provides for taxpayer referenda that could result in the repeal of certain tax increases (See "AD VALOREM PROPERTY TAXATION – Public Hearing and Maintenance and Operation Tax Rate Limitations".) The Property Tax Code also establishes a procedure for notice to property owners of reappraisals reflecting increased property value, appraisals which are higher than renditions, and appraisals of property not previously on an appraisal roll.

Levy and Collection of Taxes

The County is responsible for the collection of its taxes, unless it elects to transfer such functions to another governmental entity. Taxes are due October 1, or when billed, whichever comes later, and become delinquent after January 31 of the following year. A delinquent tax incurs a penalty of six percent (6%) of the amount of the tax for the first calendar month it is delinquent, plus one percent (1%) for each additional month or portion of a month the tax remains unpaid prior to July 1 of the year in which it becomes delinquent. If the tax is not paid by July 1 of the year in which it becomes delinquent, the tax incurs a total penalty of twelve percent (12%) regardless of the number of months the tax has been delinquent and incurs an additional penalty of up to twenty percent (20%) of delinquent tax, penalty and interest collected if imposed by the County. The delinquent tax also accrues interest at a rate of one percent (1%) for each month or portion of a month it remains unpaid. The Property Tax Code also makes provision for the split payment of taxes, discounts for early payment and the postponement of the delinquency date of taxes for certain taxpayers. Furthermore, the County may provide, on a local option basis, for the split payment, partial payment, and discounts for early payment of taxes under certain circumstances.

County's Rights in the Event of Tax Delinquencies

Taxes levied by the County are a personal obligation of the owner of the property as of January 1 of the year for which the tax is imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all State and local taxes, penalties, and interest ultimately imposed for the year on the property. The lien exists in favor of the State and each local taxing unit, including the County, having power to tax the property. Personal property, under certain circumstances, is subject to seizure and sale for the payment of delinquent taxes.

At any time after taxes on property become delinquent, the County may file suit to foreclose the lien securing payment of the tax, to enforce personal liability for the tax, or both. In filing a suit to foreclose a tax lien on real property, the County must join other taxing units that have claims for delinquent taxes against all or part of the same property.

Collection of delinquent taxes may be adversely affected by the amount of taxes owed to other taxing units, by the effects of market conditions on the foreclosure sale price, by taxpayer redemption rights (a taxpayer may redeem property within two (2) years after the purchaser's deed issued at the foreclosure sale is filed in the county records) or by bankruptcy proceedings which restrict the collection of taxpayer debts.

Federal bankruptcy law provides that an automatic stay of actions by creditors and other entities, including governmental units, goes into effect with the filing of any petition in bankruptcy. The automatic stay prevents governmental units from foreclosing on property and prevents liens for post-petition taxes from attaching to property and obtaining secured creditor status unless, in either case, an order lifting the stay is obtained from the bankruptcy court. In many cases, post-petition taxes are paid as an administrative expense of the estate in bankruptcy or by order of the bankruptcy court.

See "AD VALOREM TAX PROCEDURES – Temporary Exemption for Qualified Property Damaged by a Disaster" for further information related to a discussion of the applicability of this section of the Property Tax Code.

County Application of the Property Tax Code

See "Appendix A – Table 1" for the total amounts of the exemptions described below.

The County does not grant a local option exemption of the market value of all residence homesteads.

The County does not grant a local option exemption of the market value of the residence homestead of persons 65 years of age or older.

The County does grant a local option freeze on taxes for persons 65 years of age or older or disabled persons.

The County does permit split payments, and discounts are not allowed.

The County does not grant an exemption for Freeport Property.

The County does not grant an exemption for Goods-in-Transit.

The County does not participate in a TIRZ.

The County has adopted a tax abatement policy.

INVESTMENT POLICIES

Investments

The County invests funds in instruments authorized by the Texas Public Funds Investment Act (Chapter 2256, Texas Government Code, as amended) (the "PFIA"), in accordance with investment policies approved by the Commissioners Court. Both state law and the County's investment policies are subject to change.

Legal Investments

Under Texas law, the County is authorized to invest in (1) obligations, including letters of credit, of the United States or its agencies and instrumentalities, including the Federal Home Loan Banks; (2) direct obligations of the State of Texas or its agencies and instrumentalities; (3) collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States; (4) other obligations, the principal and interest of which is guaranteed or insured by or backed by the full faith and credit of, the State of Texas or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States; (5) obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than "A" or its equivalent; (6) bonds issued, assumed or guaranteed by the State of Israel; (7) interest-bearing banking deposits that are guaranteed or insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund or their respective successors; (8) interest-bearing banking deposits, other than those described by clause (7), if (A) the funds invested in the banking deposits are invested through (i) a broker with a main office or branch office in this State that the County selects from a list the governing body or designated investment committee of the County adopts as required by Section 2256.025 of the Texas Government Code; or (ii) a depository institution with a main office or branch office in this state that the County selects; (B) the broker or depository institution as described in clause (8)(A), above, arranges for the deposit of the funds in the banking deposits in one or more federally insured depository institutions, regardless of where located, for the County's account; (C) the full amount of the principal and accrued interest of the banking deposits is insured by the United States or an instrumentality of the United States; and (D) the investing County appoints as the County's custodian of the banking deposits issued for the County's account: (i) the depository institution selected as described by Paragraph (A); (ii) an entity described by Section 2257.041(d) of the Texas Government Code; or (iii) a clearing broker dealer registered with the Securities and Exchange Commission and operating under Securities and Exchange Commission Rule 15c3-3 (17 C.F.R. Section 240.15c3-3), (9) certificates of deposit or share certificates (i) meeting the requirements of the PFIA that are issued by or through an institution that either has its main office or a branch in Texas, and are guaranteed or insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund (or their respective successors), or are secured as to principal by obligations described in clauses (1) through (8) or in any other manner and amount provided by law for County deposits or, (ii) where the funds are invested by the County through (I) a broker that has its main office or a branch office in the State of Texas and is selected from a list adopted by the County as required by law or (II) a depository institution that has its main office or a branch office in the State of Texas that is selected by the County; (iii) the broker or the depository institution selected by the County arranges for the deposit of the funds in certificates of deposit in one or more federally insured depository institutions, wherever located, for the account of the County; (iv) the full amount of the principal and accrued interest of each of the certificates of deposit is insured by the United States or an instrumentality of the United States, and (v) the County appoints the depository institution selected under (ii) above, an entity as described by Section 2257.041(d) of the Texas Government Code, or a clearing broker-dealer registered with the Securities and Exchange Commission and operating pursuant to Securities and Exchange Commission Rule 15c3-3 (17 C.F.R. Section 240.15c3- 3) as custodian for the County with respect to the certificates of deposit issued for the account of the County; (10) fully collateralized repurchase agreements that have a defined termination date, are secured by a combination of cash and obligations permitted under the PFIA, and require the securities being purchased by the County or cash held by the County to be pledged to the County, held in the County's name, and deposited at the time the investment is made with the County or with a third party selected and approved by the County, and are placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in the State; (11) securities lending programs if (i) the securities loaned under the program are 100% collateralized, a loan made under the program allows for termination at any time and a loan made under the program is either secured by (a) obligations that are described in clauses (1) through (8) above, (b) irrevocable letters of credit issued by a state or national bank that are continuously rated by a nationally recognized investment rating firm at not less than "A" or its equivalent or (c) cash invested in obligations described in clauses (1) through (8) above, clauses (13) through (15) below, or an authorized investment pool; (ii) securities held as collateral under a loan are pledged to the County, held in the County's name and deposited at the time the investment is made with the County or a third party designated by the County; (iii) a loan made under the program is placed through either a primary government securities dealer (as defined by 5 C.F.R. Section 6801.102(f), as that regulation existed on September 1, 2003) or a financial institution doing business in the State of Texas; and (iv) the agreement to lend securities has a term of one year or less; (12) certain bankers' acceptances with the remaining term of 270 days or less, if the short-term obligations of the accepting bank or its parent are rated at least

“A-1” or “P-1” or the equivalent by at least one nationally recognized credit rating agency; (13) commercial paper with a stated maturity of 365 days or less that is rated at least “A-1” or “P-1” or the equivalent by either (a) two nationally recognized credit rating agencies or (b) one nationally recognized credit rating agency if the paper is fully secured by an irrevocable letter of credit issued by a U.S. or state bank; (14) no-load money market mutual funds registered with and regulated by the SEC that provide the County with a prospectus and other information required by the Securities Exchange Act of 1934 or the Investment Company Act of 1940, and that comply with SEC Rule 2a-7; and (15) no-load mutual funds registered with the SEC that have an average weighted maturity of less than two years and either (i) have a duration of one year or more and are invested exclusively in obligations described in this paragraph or (ii) have a duration of less than one year and an investment portfolio limited to investment grade securities, excluding asset-backed securities. In addition, bond proceeds may be invested in guaranteed investment contracts that have a defined termination date and are secured by obligations, including letters of credit, of the United States or its agencies and instrumentalities in an amount at least equal to the amount of bond proceeds invested under such contract, other than the prohibited obligations described below.

The County may invest in such obligations directly or through government investment pools that invest solely in such obligations provided that the pools are rated no lower than “AAA” or “AAAm” or an equivalent by at least one nationally recognized rating service. The County may also contract with an investment management firm registered under the Investment Advisers Act of 1940 (15 U.S.C. Section 80b-1 et seq.) or with the State Securities Board to provide for the investment and management of its public funds or other funds under its control for a term up to two years, but the County retains ultimate responsibility as fiduciary of its assets. In order to renew or extend such a contract, the County must do so by order, ordinance, or resolution.

The County is specifically prohibited from investing in: (1) obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal; (2) obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security and bears no interest; (3) collateralized mortgage obligations that have a stated final maturity of greater than 10 years; and (4) collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

Under Texas law, the County is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity; that address investment diversification, yield, maturity, and the quality and capability of investment management; and that include a list of authorized investments for County funds, the maximum allowable stated maturity of any individual investment and the maximum average dollar-weighted maturity allowed for pooled fund groups, methods to monitor the market price of investments acquired with public funds, a requirement for settlement of all transactions, except investment pool funds and mutual funds, on a delivery versus payment basis, and procedures to monitor rating changes in investments acquired with public funds and the liquidation of such investments consistent with the PFIA. All County funds must be invested consistent with a formally adopted “Investment Strategy Statement” that specifically addresses each fund’s investment. Each Investment Strategy Statement will describe its objectives concerning: (1) suitability of investment type, (2) preservation and safety of principal, (3) liquidity, (4) marketability of each investment, (5) diversification of the portfolio, and (6) yield.

Under Texas law, the County’s investments must be made “with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person’s own affairs, not for speculation, but for investment considering the probable safety of capital and the probable income to be derived.” At least quarterly the County’s investment officers must submit an investment report detailing: (1) the investment position of the County, (2) that all investment officers jointly prepared and signed the report, (3) the beginning market value, the ending market value and the fully accrued interest for the reporting period of each pooled fund group, (4) the book value and market value of each separately listed asset at the end of the reporting period, (5) the maturity date of each separately invested asset, (6) the account or fund or pooled fund group for which each individual investment was acquired, and (7) the compliance of the investment portfolio as it relates to: (a) adopted investment strategies and (b) Texas law. No person may invest County funds without express written authority from the Commissioners Court.

Additional Provisions

Under State law, the County is additionally required to: (1) annually review its adopted policies and strategies; (2) adopt by written instrument a rule, order, ordinance or resolution stating that it has reviewed its investment policy and investment strategies and records any changes made to either its investment policy or investment strategy in the respective rule, order, ordinance or resolution; (3) require any investment officers with personal business relationships or relatives with firms seeking to sell securities to the entity to disclose the relationship and file a statement with the Texas Ethics Commission and the Commissioners Court; (4) require the qualified representative of firms offering to engage in an investment transaction with the County to: (a) receive and review the County's investment policy, (b) acknowledge that reasonable controls and procedures have been implemented to preclude investment transactions conducted between the County and the business organization that are not authorized by the County's investment policy (except to the extent that this authorization (i) is dependent on an analysis of the makeup of the County’s entire portfolio, (ii) requires an interpretation of subjective investment standards, or (iii) relates to investment transactions of the entity that are not made through accounts or other contractual arrangements over which the business organization has accepted discretionary investment authority), and (c) deliver a written statement in a form acceptable to the County and the business organization attesting to these requirements; (5) perform an annual audit of the management controls on investments and adherence to the County's investment policy; (6) provide specific investment training for the Treasurer, chief financial officer and investment officers; (7) restrict reverse repurchase agreements to not more than 90 days and restrict the investment of reverse repurchase agreement funds to no greater than the term of the reverse purchase agreement; (8) restrict the investment in no-load mutual funds in the aggregate to no more than 15% of the County's monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service; (9) require local government investment pools to conform to the new disclosure, rating, net asset value, yield calculation, and advisory board requirements; and (10) at least annually review, revise and adopt a list of qualified brokers that are authorized to engage in investment transactions with the County.

Current Investments

See Table 12 in Appendix A for a description of the County's investments.

EMPLOYEES' BENEFITS

The County has a contributory retirement plan with the Texas County and District Retirement System covering substantially all of its qualifying employees. Such employees, in 2023, contributed 7.00% of their gross wages. The County's contribution is actuarially determined each year, and in 2023 it was 14.72%.

The County's covered payroll for calendar year 2022 was $18,495,166 and in fiscal year 2022 the pension cost to employees was $1,294,662. For additional information, see the County's audited financial statements attached hereto as Appendix C.

LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS

Section 1201.041 of the Public Security Procedures Act (Chapter 1201, Texas Government Code) provides that the Notes are negotiable instruments governed by Chapter 8, Texas Business and Commerce Code, and are legal and authorized investments for insurance companies, fiduciaries, and trustees, and for the sinking funds of municipalities or other political subdivisions or public agencies of the State of Texas. With respect to investment in the Notes by municipalities or other political subdivisions or public agencies of the State of Texas, the PFIA requires that the Notes be assigned a rating of "A" or its equivalent as to investment quality by a national rating agency. See "OTHER PERTINENT INFORMATION - Rating" herein. In addition, various provisions of the Texas Finance Code provide that, subject to a prudent investor standard, the Notes are legal investments for state banks, savings banks, trust companies with at least $1 million of capital, and savings and loan associations. The Notes are eligible to secure deposits of any public funds of the State, its agencies, and its political subdivisions, and are legal security for those deposits to the extent of their market value.

The County has made no investigation of other laws, rules, regulations or investment criteria which might apply to such institutions or entities or which might limit the suitability of the Notes for any of the foregoing purposes or limit the authority of such institutions or entities to purchase or invest in the Notes for such purposes. The County has made no review of laws in other states to determine whether the Notes are legal investments for various institutions in those states.

LEGAL MATTERS

The delivery of the Notes is subject to the approval of the Attorney General of Texas to the effect that the Notes are valid and legally binding obligations of the County payable from the proceeds of an annual ad valorem tax levied, within the limitations prescribed by law, upon all taxable property in the County, and the approving legal opinion of Bond Counsel, to like effect and to the effect that the interest on the Notes is excludable from gross income for federal income tax purposes under Section 103(a) of the Code, subject to the matters described under "TAX MATTERS" herein. The form of Bond Counsel's opinion is attached hereto as Appendix D. The legal fee to be paid Bond Counsel for services rendered in connection with the issuance of the Notes is contingent upon the sale and delivery of the Notes. The legal opinion of Bond Counsel will accompany the Notes deposited with DTC or will be printed on the definitive Notes in the event of the discontinuance of the Book-Entry-Only System.

Though it represents the Financial Advisor from time to time in matters unrelated to the issuance of the Notes, Bond Counsel was engaged by, and only represents, the County. Except as noted below, Bond Counsel did not take part in the preparation of the Official Statement, and such firm has not assumed any responsibility with respect thereto or undertaken independently to verify any of the information contained herein except that in its capacity as Bond Counsel, such firm has reviewed the information appearing under captions "THE NOTES" (except for the information under the subcaptions "Payment Record" and "Defaults and Remedies"), "LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS", "LEGAL MATTERS", "TAX MATTERS," "OTHER PERTINENT INFORMATION - Registration and Qualification of Notes of Sale" and "CONTINUING DISCLOSURE OF INFORMATION" (except under the subcaption "Compliance With Prior Undertakings"), and such firm is of the opinion that the information relating to the Notes and legal matters contained under such captions is an accurate and fair description of the laws and legal issues addressed therein, and with respect to the Notes, such information conforms to the Order.

The various legal opinions to be delivered concurrently with the delivery of the Notes express the professional judgment of the attorneys rendering the opinions as to the legal issues expressly addressed therein. In rendering a legal opinion, the attorney does not become an insurer or guarantor of the expression of professional judgment, of the transaction opined upon, or of the future performance of the parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise from the transaction.

TAX MATTERS

Opinion

On the date of initial delivery of the Notes, McCall, Parkhurst & Horton L.L.P., Bond Counsel to the County, will render its opinion that, in accordance with statutes, regulations, published rulings and court decisions existing on the date thereof ("Existing Law"), (1) interest on the Notes for federal income tax purposes will be excludable from the "gross income" of the holders thereof and (2) the Notes will not be treated as "specified private activity bonds" the interest on which would be included as an alternative minimum tax preference item under section 57(a)(5) of the Internal Revenue Code of 1986 (the "Code"). Except as stated above, Bond Counsel to the County will express no opinion as to any other federal, state or local tax consequences of the purchase, ownership or disposition of the Notes. See Appendix __ -- Form of Opinion of Bond Counsel.

In rendering its opinion, Bond Counsel to the County will rely upon (a) the County's federal tax certificate, and (b) covenants of the County with respect to arbitrage, the application of the proceeds to be received from the issuance and sale of the Notes and certain other matters. Failure of the County to comply with these representations or covenants could cause the interest on the Notes to become includable in gross income retroactively to the date of issuance of the Notes.

The Code and the regulations promulgated thereunder contain a number of requirements that must be satisfied subsequent to the issuance of the Notes in order for interest on the Notes to be, and to remain, excludable from gross income for federal income tax purposes. Failure to comply with such requirements may cause interest on the Notes to be included in gross income retroactively to the date of issuance of the Notes. The opinion of Bond Counsel to the County is conditioned on compliance by the County with the covenants and the requirements described in the preceding paragraph, and Bond Counsel to the County has not been retained to monitor compliance with these requirements subsequent to the issuance of the Notes.

Bond Counsel's opinion represents its legal judgment based upon its review of Existing Law and the reliance on the aforementioned information, representations and covenants. Bond Counsel's opinion is not a guarantee of a result. The Existing Law is subject to change by the Congress and to subsequent judicial and administrative interpretation by the courts and the Department of the Treasury. There can be no assurance that such Existing Law or the interpretation thereof will not be changed in a manner which would adversely affect the tax treatment of the purchase, ownership or disposition of the Notes.

A ruling was not sought from the Internal Revenue Service by the County with respect to the Notes or the facilities financed or refinanced with the proceeds of the Notes. Bond Counsel's opinion represents its legal judgment based upon its review of Existing Law and the representations of the County that it deems relevant to render such opinion and is not a guarantee of a result. No assurances can be given as to whether the Internal Revenue Service will commence an audit of the Notes, or as to whether the Internal Revenue Service would agree with the opinion of Bond Counsel. If an audit is commenced, under current procedures the Internal Revenue Service is likely to treat the County as the taxpayer and the Noteholders may have no right to participate in such procedure. No additional interest will be paid upon any determination of taxability.

Federal Income Tax Accounting Treatment of Original Issue Discount

The initial public offering price to be paid for one or more maturities of the Notes may be less than the principal amount thereof or one or more periods for the payment of interest on the Notes may not be equal to the accrual period or be in excess of one year (the "Original Issue Discount Notes"). In such event, the difference between (i) the "stated redemption price at maturity" of each Original Issue Discount Note, and (ii) the initial offering price to the public of such Original Issue Discount Note would constitute original issue discount. The "stated redemption price at maturity" means the sum of all payments to be made on the Notes less the amount of all periodic interest payments. Periodic interest payments are payments which are made during equal accrual periods (or during any unequal period if it is the initial or final period) and which are made during accrual periods which do not exceed one year.

Under Existing Law, any owner who has purchased such Original Issue Discount Note in the initial public offering is entitled to exclude from gross income (as defined in section 61 of the Code) an amount of income with respect to such Original Issue Discount Note equal to that portion of the amount of such original issue discount allocable to the accrual period. For a discussion of certain collateral federal tax consequences, see discussion set forth below.

In the event of the redemption, sale or other taxable disposition of such Original Issue Discount Note prior to stated maturity, however, the amount realized by such owner in excess of the basis of such Original Issue Discount Note in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Original Issue Discount Note was held by such initial owner) is includable in gross income.

Under Existing Law, the original issue discount on each Original Issue Discount Note is accrued daily to the stated maturity thereof (in amounts calculated as described below for each six-month period ending on the date before the semiannual anniversary dates of the date of the Notes and ratably within each such six-month period) and the accrued amount is added to an initial owner's basis for such Original Issue Discount Note for purposes of determining the amount of gain or loss recognized by such owner upon the redemption, sale or other disposition thereof. The amount to be added to basis for each accrual period is equal to (a) the sum of the issue price and the amount of original issue discount accrued in prior periods multiplied by the yield to stated maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) less (b) the amounts payable as current interest during such accrual period on such Original Issue Discount Note.

The federal income tax consequences of the purchase, ownership, redemption, sale or other disposition of Original Issue Discount Notes which are not purchased in the initial offering at the initial offering price may be determined according to rules which differ from those described above. All owners of Original Issue Discount Notes should consult their own tax advisors with respect to the determination for federal, state and local income tax purposes of the treatment of interest accrued upon redemption, sale or other disposition of such Original Issue Discount Notes and with respect to the federal, state, local and foreign tax consequences of the purchase, ownership, redemption, sale or other disposition of such Original Issue Discount Notes.

Collateral Federal Income Tax Consequences

The following discussion is a summary of certain collateral federal income tax consequences resulting from the purchase, ownership or disposition of the Notes. This discussion is based on Existing Law, which is subject to change or modification, retroactively.

The following discussion is applicable to investors, other than those who are subject to special provisions of the Code, such as financial institutions, property and casualty insurance companies, life insurance companies, individual recipients of Social Security or Railroad Retirement benefits, individuals allowed an earned income credit, certain S corporations with Subchapter C earnings and profits, foreign corporations subject to the branch profits tax, taxpayers qualifying for the health insurance premium assistance credit, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase tax-exempt obligations.

THE DISCUSSION CONTAINED HEREIN MAY NOT BE EXHAUSTIVE. INVESTORS, INCLUDING THOSE WHO ARE SUBJECT TO SPECIAL PROVISIONS OF THE CODE, SHOULD CONSULT THEIR OWN TAX ADVISORS AS TO THE TAX TREATMENT WHICH MAY BE ANTICIPATED TO RESULT FROM THE PURCHASE, OWNERSHIP AND DISPOSITION OF TAX-EXEMPT OBLIGATIONS BEFORE DETERMINING WHETHER TO PURCHASE THE NOTES.

Interest on the Notes may be includable in certain corporation's "adjusted financial statement income" determined under section 56A of the Code to calculate the alternative minimum tax imposed by section 55 of the Code.

Under section 6012 of the Code, holders of tax-exempt obligations, such as the Notes, may be required to disclose interest received or accrued during each taxable year on their returns of federal income taxation.

Section 1276 of the Code provides for ordinary income tax treatment of gain recognized upon the disposition of a tax-exempt obligation, such as the Notes, if such obligation was acquired at a "market discount" and if the fixed maturity of such obligation is equal to, or exceeds, one year from the date of issue. Such treatment applies to "market discount Notes" to the extent such gain does not exceed the accrued market discount of such Notes; although for this purpose, a de minimis amount of market discount is ignored. A "market discount bond" is one which is acquired by the holder at a purchase price which is less than the stated redemption price at maturity or, in the case of a bond issued at an original issue discount, the "revised issue price" (i.e., the issue price plus accrued original issue discount). The "accrued market discount" is the amount which bears the same ratio to the market discount as the number of days during which the holder holds the obligation bears to the number of days between the acquisition date and the final maturity date.

State, Local and Foreign Taxes

Investors should consult their own tax advisors concerning the tax implications of the purchase, ownership or disposition of the Notes under applicable state or local laws. Foreign investors should also consult their own tax advisors regarding the tax consequences unique to investors who are not United States persons.

Information Reporting and Backup Withholding

Subject to certain exceptions, information reports describing interest income, including original issue discount, with respect to the Notes will be sent to each registered holder and to the Internal Revenue Service. Payments of interest and principal may be subject to backup withholding under section 3406 of the Code if a recipient of the payments fails to furnish to the payor such owner's social security number or other taxpayer identification number ("TIN"), furnishes an incorrect TIN, or otherwise fails to establish an exemption from the backup withholding tax. Any amounts so withheld would be allowed as a credit against the recipient's federal income tax. Special rules apply to partnerships, estates and trusts, and in certain circumstances, and in respect of Non-U.S. Holders, certifications as to foreign status and other matters may be required to be provided by partners and beneficiaries thereof.

Future and Proposed Legislation

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the Federal or state level, may adversely affect the tax-exempt status of interest on the Notes under Federal or state law and could affect the market price or marketability of the Notes. Any such proposal could limit the value of certain deductions and exclusions, including the exclusion for tax-exempt interest. The likelihood of any such proposal being enacted cannot be predicted. Prospective purchasers of the Notes should consult their own tax advisors regarding the foregoing matters.

Qualified Tax-Exempt Obligations for Financial Institutions

Section 265(a) of the Code provides, in pertinent part, that interest paid or incurred by a taxpayer, including a "financial institution," on indebtedness incurred or continued to purchase or carry tax-exempt obligations is not deductible in determining the taxpayer's taxable income. Section 265(b) of the Code provides an exception to the disallowance of such deduction for any interest expense paid or incurred on indebtedness of a taxpayer that is a "financial institution" allocable to tax-exempt obligations, other than "private activity bonds," that are designated by a "qualified small issuer" as "qualified tax-exempt obligations." A "qualified small issuer" is any governmental issuer (together with any "on-behalf of" and "subordinate" issuers) who issues no more than $10,000,000 of tax-exempt obligations during the calendar year. Section 265(b)(5) of the Code defines the term "financial institution" as any "bank" described in section 585(a)(2) of the Code, or any person accepting deposits from the public in the ordinary course of such person's trade or business that is subject to federal or state supervision as a financial institution. Notwithstanding the exception to the disallowance of the deduction of interest on indebtedness related to "qualified tax-exempt obligations" provided by section 265(b) of the Code, section 291 of the Code provides that the allowable deduction to a "bank," as defined in section 585(a)(2) of the Code, for interest on indebtedness incurred or continued to purchase "qualified tax-exempt obligations" shall be reduced by twenty-percent (20%) as a "financial institution preference item."

The County expects that the Notes will be designated, or deemed designated, as "qualified tax-exempt obligations" within the meaning of section 265(b) of the Code. In furtherance of that designation, the County will covenant to take such action that would assure, or to refrain from such action that would adversely affect, the treatment of the Notes as "qualified tax-exempt obligations." **Potential purchasers**

should be aware that if the issue price to the public exceeds $10,000,000, there is a reasonable basis to conclude that the payment of a de minimis amount of premium in excess of $10,000,000 is disregarded; however the Internal Revenue Service could take a contrary view. If the Internal Revenue Service takes the position that the amount of such premium is not disregarded, then such obligations might fail to satisfy the $10,000,000 limitation and the Notes would not be "qualified tax-exempt obligations."

CONTINUING DISCLOSURE OF INFORMATION

In the Order, the County has made the following agreement for the benefit of the holders and beneficial owners of the Notes. The County is required to observe the agreement for so long as it remains an "obligated person" with respect to the Notes, within the meaning of the Securities and Exchange Commission's Rule 15c2-12 (the "Rule"). Under the agreement, the County will be obligated to provide certain updated financial information and operating data annually, and timely notice of certain specified events, to the Municipal Securities Rulemaking Board ("MSRB") through its Electronic Municipal Market Access ("EMMA") system, where it will be available to the general public, free of charge, at www.emma.msrb.org.

Annual Reports

The County will provide certain updated financial information and operating data annually to the MSRB. The information to be updated includes financial information and operating data with respect to the County of the general type included in this Official Statement in Appendix A under Tables 1 through 7 and 9 through 12 (the "Annual Financial Information"). The County will additionally provide financial statements of the County (the "Financial Statements") that will be (i) prepared in accordance with the accounting principles described in Appendix C of this Official Statement or such other accounting principles as the County may be required to employ from time to time pursuant to State law or regulation and shall be in substantially the form included in Appendix C and (ii) audited, if the County commissions an audit of such Financial Statements and the audit is completed within the period during which they must be provided. The County will update and provide the Annual Financial Information within six months after the end of each fiscal year and the Financial Statements within 12 months of the end of each fiscal year, in each case beginning with the fiscal year ending in and after 2024. The County may provide the Financial Statements earlier, including at the time it provides its Annual Financial Information, but if the audit of such Financial Statements is not complete within 12 months after any such fiscal year end, then the County shall file unaudited Financial Statements within such 12-month period and audited Financial Statements for the applicable fiscal year, when and if the audit report on such Financial Statements becomes available.

The County may provide updated information in full text or may incorporate by reference certain other publicly available documents, as permitted by the Rule.

The County's current fiscal year end is September 30. Accordingly, the Annual Financial Information must be provided by March 31 in each year, and the Financial Statements must be provided by September 30 of each year, unless the County changes its fiscal year. If the County changes its fiscal year, it will notify the MSRB of the change.

Notice of Occurrence of Certain Events

The County will also provide notice of any of the following events with respect to the Notes to the MSRB in a timely manner (but not in excess of ten (10) business days after the occurrence of the event): (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions or the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Notes, or other material events affecting the tax status of the Notes; (7) modifications to rights of holders of the Notes, if material; (8) bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Notes, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership, or similar event of the County; (13) the consummation of a merger, consolidation, or acquisition involving the County or the sale of all or substantially all of the assets of the County, other than in the ordinary course of business, the entry into a definitive agreement to undertake such action, or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) the appointment of a successor or additional trustee or change of name of the trustee, if material; (15) incurrence of a "Financial Obligation" of the County, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the County, any of which affect security holders, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the County, any of which reflect financial difficulties. Neither the Notes nor the Order make any provision for liquidity enhancement, credit enhancement, or require the funding of debt service reserves.

For these purposes, (a) any event described in clause (12) of the immediately preceding paragraph is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the County in a proceeding under the United States Bankruptcy Code or in any other proceeding under the state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the County, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the County, and (b) the County intends the words used in the immediately preceding clauses (15) and (16) and in the definition of Financial Obligation above to have the meanings ascribed to them in SEC Release No. 34-83885 dated August 20, 2018.

Notice of Failure to Timely File

The County also will notify the MSRB through EMMA, in a timely manner, of any failure by the County to provide financial information or operating data in accordance with the provisions described above.

Availability of Information

All information and documentation filing required to be made by the County in accordance with its undertaking made for the Notes will be made with the MSRB in electronic format in accordance with MSRB guidelines, by and through EMMA. Access to such filings will be provided, without charge to the general public, by the MSRB through EMMA at www.emma.msrb.org.

Limitations and Amendments

The County has agreed to update information and to provide notices of certain events only as described above. The County has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided, except as described above. The County makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell the Notes at any future date. The County disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its continuing disclosure agreement or from any statement made pursuant to its agreement, although holders of the Notes may seek a writ of mandamus to compel the County to comply with its agreement. No default by the County with respect to its continuing disclosure agreement shall constitute a breach of or default under the Order for purposes of any other provision of the Order. Nothing in this paragraph is intended or shall act to disclaim, waive, or otherwise limit the duties of the County under federal and state securities laws. The County's undertakings and agreements are subject to appropriation of necessary funds and to applicable legal restrictions.

The County's continuing disclosure agreement may be amended by the County from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the County, but only if (1) the provisions, as so amended, would have permitted an underwriter to purchase or sell the Notes in the primary offering of the Notes in compliance with the Rule, taking into account any amendments or interpretations of the Rule since such offering as well as such changed circumstances and (2) either (a) the registered owners of a majority in aggregate principal amount (or any greater amount required by any other provision of the Order that authorizes such an amendment) of the outstanding Notes consent to such amendment or (b) a person that is unaffiliated with the County (such as nationally recognized bond counsel) determines that such amendment will not materially impair the interest of the registered owners and beneficial owners of the Notes. The County may also amend or repeal the provisions of the continuing disclosure agreement if the SEC amends or repeals the applicable provision of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling the Notes in the primary offering of the Notes. If the County amends its agreement, it must include with the next financial information and operating data provided in accordance with its agreement described above under "Annual Reports" an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of information and data provided.

Compliance with Prior Undertakings

During the last five years, the County has complied in all material respects with all continuing disclosure agreements made by it in accordance with the Rule.

OFFICIAL STATEMENT

Certification of the Official Statement

At the time of payment for and delivery of the Notes, the Initial Purchaser will be furnished a certificate, executed by the proper County officials, acting in their official capacity, to the effect that to the best of their knowledge and belief: (a) the descriptions and statements of or pertaining to the County contained in this Official Statement and any addenda, supplement or amendment thereto, on the date of such Official Statement, on the date of sale of the Notes and the receipt of bids, and on the date of delivery, were and are true and correct in all material respects; (b) insofar as the County and its affairs, including its financial affairs, are concerned, such Official Statement did not and does not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; (c) insofar as the descriptions and statements, including financial data, of, or pertaining to, entities other than the County and its activities contained in such Official Statement are concerned, such statements and data have been obtained from sources which the County believes to be reliable and that the County has no reason to believe that they are untrue in any material respect; and (d) there has been no material adverse change in the financial condition of the County since September, the date of the last audited financial statements of the County.

WINNING BIDDER

After requesting competitive bids for the Notes, the County accepted the bid of ____________ (the "Purchaser" or the "Initial Purchaser") to purchase the Notes at the interest rates shown on page ii of this Official Statement at a price of par, plus a cash premium of $___________, and no accrued interest. The County can give no assurance that any trading market will be developed for the Notes after their sale by the County to the Purchaser. The County has no control over the price at which the Notes are subsequently sold and the initial yield at which the Notes will be priced and reoffered will be established by and will be the responsibility of the Purchaser.

OTHER PERTINENT INFORMATION

Rating

The Notes have been assigned a rating of "AA" by S&P Global Ratings ("S&P"). An explanation of the significance of such rating may be obtained from S&P. The rating of the Notes reflects only the view of S&P at the time the rating is given, and the County makes no representations as to the appropriateness of the rating. A rating is not a recommendation to buy, hold, or sell securities. There is no assurance that the rating will continue for any given period of time, or that the rating will not be revised downward or withdrawn entirely by S&P, if, in the judgment of S&P, circumstances so warrant. Any such downward revision or withdrawal of the rating may have an adverse effect on the market price of the Notes.

Registration and Qualification of Notes for Sale

The sale of the Notes has not been registered under the Securities Act of 1933, as amended, in reliance upon the exception provided thereunder by Section 3(a)(2); and the Notes have not been qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; nor have the Notes been qualified under the securities acts of any jurisdiction. The County assumes no responsibility for qualification of the Notes under the securities laws of any jurisdiction in which the Notes may be sold, assigned, pledged, hypothecated or otherwise transferred. This disclaimer of responsibility for qualification for sale or other disposition of the Notes shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration provisions in such other jurisdictions.

It is the obligation of the Underwriter to register or qualify the sale of the Notes under the securities laws of any jurisdiction which so requires. The County agrees to cooperate, at the Underwriter's written request and sole expense, in registering or qualifying the Notes or in obtaining an exemption from registration or qualification in any state where such action is necessary; provided, however, that the County shall not be required to qualify as a foreign corporation or to execute a general or special consent to service of process in any jurisdiction.

Litigation

In the opinion of various officials of the County, there is no litigation or other proceeding pending against or, to their knowledge, threatened against the County in any court, agency, or administrative body (either state or federal) wherein an adverse decision would materially adversely affect the financial condition of the County.

Authenticity of Financial Information

The financial data and other information contained herein have been obtained from the County's records, audited financial statements and other sources which are believed to be reliable. There is no guarantee that any of the assumptions or estimates contained herein will be realized. All of the summaries of the statutes, documents and the Order contained in this Official Statement are made subject to all of the provisions of such statutes, documents and the Order. These summaries do not purport to be complete statements of such provisions and reference is made to such documents for further information. Reference is made to original documents in all respects.

All information contained in this Official Statement is subject, in all respects, to the complete body of information contained in the original sources thereof and no guaranty, warranty or other representation is made concerning the accuracy or completeness of the information herein. In particular, no opinion or representation is rendered as to whether any projection will approximate actual results, and all opinions, estimates, and assumptions, whether or not expressly identified as such, should not be considered statements of fact.

Financial Advisor

RBC Capital Markets, LLC (the "Financial Advisor") is employed as Financial Advisor to the County. The fees paid the Financial Advisor for services rendered in connection with the issuance and sale of the Notes are based on the amount of Notes actually issued, sold and delivered, and therefore such fees are contingent on the sale and delivery of the Notes.

The Financial Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information in this Official Statement.

Cybersecurity Risks

The County relies on its information systems to provide security for processing, transmission and storage of confidential personal, health-related, credit and other information. It is possible that the County's security measures will not prevent improper or unauthorized access or disclosure of personally identifiable information resulting from cyber-attacks. Security breaches, including electronic break-ins, computer viruses, attacks by hackers and similar breaches can create disruptions or shutdowns of the County and the services it provides, or the unauthorized disclosure of confidential personal, health-related, credit and other information. If personal or otherwise protected information is improperly accessed, tampered with or distributed, the County may incur significant costs to remediate possible injury to the affected persons, and the County may be subject to sanctions and civil penalties if it is found to be in violation of federal or state laws or regulations. Any failure to maintain proper functionality and security of information systems could interrupt the County's operations, delay receipt of revenues, damage its reputation, subject it to liability claims or regulatory penalties and could have a material adverse effect on its operations, financial condition and results of operations.

Use of Information in Official Statement

No person has been authorized to give any information or to make any representations other than those contained in this Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by the County. This Official Statement does not constitute an offer to sell or solicitation of an offer to buy in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

Forward-Looking Statements

The statements contained in this Official Statement, and any other information provided by the County, that are not purely historical, are forward-looking statements, including statements regarding the County's expectations, hopes, intentions, or strategies regarding the future. Readers should not place undue reliance on forward-looking statements. All forward-looking statements included in this Official Statement are based on information available to the County on the date hereof, and the County assumes no obligation to update any such forward-looking statements. It is important to note that the County's actual results could differ materially from those in such forward-looking statements.

The forward-looking statements included herein are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in social, economic, business, industry, market, legal, and regulatory circumstances and conditions and actions taken or omitted to be taken by third parties, including customers, suppliers, business partners and competitors, and legislative, judicial, and other governmental authorities and officials. Assumptions related to the foregoing involve judgments with respect to, among other things, future economic, competitive, and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond the control of the County. Any of such assumptions could be inaccurate and, therefore, there can be no assurance that the forward-looking statements included in this Official Statement will prove to be accurate.

Neither the information on, nor accessed through, such website is incorporated by reference, either expressly or by implication, into this Official Statement.

Concluding Statement

The information set forth herein has been obtained from the County's records, audited financial statements and other sources which are considered to be reliable. There is no guarantee that any of the assumptions or estimates contained herein will ever be realized. All of the summaries of the statutes, documents and the Order contained in this Official Statement are made subject to all of the provisions of such statutes, documents, and the Order. These summaries do not purport to be complete statements of such provisions and reference is made to such summarized documents for further information. Reference is made to official documents in all respects.

The Order will approve the form and content of this Official Statement, and any addenda, supplement, or amendment thereto, and authorize its further use in the reoffering of the Notes by the Initial Purchaser.

KERR COUNTY, TEXAS

____

Hon. Rob Kelly
County Judge

ATTEST:

____

Ian Collum
County Clerk

APPENDIX A

FINANCIAL INFORMATION
REGARDING KERR COUNTY, TEXAS

FINANCIAL INFORMATION REGARDING
KERR COUNTY, TEXAS

Table 1-Valuations, Exemptions and Tax Supported Debt

2023/24 Market Valuation Established by Kerr	
County Appraisal County (excluding totally exempt property)	$ 12,567,577,509
Less Exemptions/Reductions at 100% Market Value	
10% Lost to Cap Adjustment	$ 478,141,521
Disabled Veterans	168,686,722
Productivity Loss	3,727,328,590
Value Lost Due to Over 65 Freeze	645,166,039
Other	2,616,330
Total	$ 5,021,939,202
2023/24 Net Taxable Assessed Valuation	$ 7,545,638,307
County Funded Debt Payable from Ad Valorem Taxes (as of April 1, 2024):	
Outstanding General Obligation Debt	$ 29,970,000
The Notes	3,010,000 (1)
Total Indebtedness Payable from Ad Valorem Taxes	$ 32,980,000
Ratio County Funded Debt/2023/24 Net Taxable Assessed Valuation	0.44%
County Interest and Sinking Fund Balance as of September 30, 2023	$ 459,168

Estimated Population	53,741
Per Capita Taxable Assessed Valuation	$ 140,407
Per Capita Debt Payable from Ad Valorem Taxes	$ 614

(1) Preliminary, subject to change.

Table 2 - Other Obligations

Capital Leases

The County entered into new lease agreements for 28 vehicles. The lease agreements qualify as other than short-term leases under GASB 87 and, therefore, have been recorded at the present value of the future minimum lease payments. The agreements range in interest rates from 3.96%-7.78%. The lease liability was measured at a discount of 3-5.5%. As a result of the lease, the County has recorded right to use assets (vehicles) with a net book value of $1,444,673.

Future minimum lease payments under the leases along with the present value of the minimum lease payments as of September 30, 2023:

Fiscal Year Ending 09/30	Principal	Principal	Total
2024	$ 497,224	$ 85,140	$ 582,364
2025	421,955	53,643	475,598
2026	316,181	25,059	341,240
2027	149,514	9,015	158,529
2028	59,799	1,244	61,043
	$ 1,444,673	**$ 174,101**	**$ 1,618,774**

Source: County's Audited Financial Statements for the Fiscal Year Ended September 30, 2023.

Table 3 - Taxable Assessed Valuation by Category [1]

	Taxable Appraised Value for Fiscal Year Ended September 30,					
	2024		2023		2022	
Category	**Value**	**% of Total**	**Value**	**% of Total**	**Value**	**% of Total**
Real, Residential, Single Family	$ 4,870,545,433	38.75%	$ 4,132,548,760	40.78%	$ 3,597,637,284	39.78%
Real Residential, Multi-Family	185,130,344	1.47%	171,254,460	1.69%	155,677,583	1.72%
Real, Vacant Lots/Tracts	136,388,011	1.09%	121,144,885	1.20%	119,660,388	1.32%
Real, Acreage (Land Only)	3,789,494,942	30.15%	2,634,960,664	26.00%	2,546,603,399	28.16%
Real, Farm and Ranch Improvements	2,203,340,412	17.53%	1,865,477,942	18.41%	1,573,960,517	17.41%
Real, Commercial and Industrial	797,792,403	6.35%	700,655,400	6.91%	567,189,644	6.27%
Real, Minerals and Oil	-	0.00%	-	0.00%	-	0.00%
Real, Tangible Personal, Utilities	104,850,479	0.83%	95,256,179	0.94%	82,701,499	0.91%
Tangible Personal, Commercial & Industrial	294,896,219	2.35%	262,273,562	2.59%	256,341,409	2.83%
Mobile Homes	160,096,548	1.27%	129,122,666	1.27%	121,749,053	1.35%
Tangible Personal, Other	-	0.00%	-	0.00%	-	0.00%
Residential Inventory	5,455,584	0.04%	3,842,091	0.04%	6,806,436	0.08%
Special Inventory	19,587,134	0.16%	18,087,175	0.18%	14,464,224	0.16%
Total Appraised Value Before Exemptions	$ 12,567,577,509	100.00%	$ 10,134,623,784	100.00%	$ 9,042,791,436	100.00%
Less: Total Exemptions/ Reductions	5,021,939,202		3,439,363,980		3,250,711,714	
Net Taxable Assessed Value	$ 7,545,638,307		$ 6,695,259,804		$ 5,792,079,722	

	Taxable Appraised Value for Year Ended September 30,			
	2021		2020	
Category	**Value**	**% of Total**	**Value**	**% of Total**
Real, Residential, Single Family	$ 3,307,683,873	38.97%	$ 2,887,952,023	37.68%
Real Residential, Multi-Family	133,810,484	1.58%	118,572,044	1.55%
Real, Vacant Lots/Tracts	119,414,215	1.41%	115,994,531	1.51%
Real, Acreage (Land Only)	2,436,362,344	28.70%	2,288,208,863	29.85%
Real, Farm and Ranch Improvements	1,450,777,579	17.09%	1,287,559,020	16.80%
Real, Commercial and Industrial	575,692,440	6.78%	526,527,123	6.87%
Real, Minerals and Oil	-	0.00%	-	0.00%
Real, Tangible Personal, Utilities	78,231,178	0.92%	71,619,062	0.93%
Tangible Personal, Commercial & Industrial	248,818,204	2.93%	257,657,933	3.36%
Mobile Homes	115,981,484	1.37%	86,874,428	1.13%
Tangible Personal, Other	-	0.00%	-	0.00%
Residential Inventory	7,941,147	0.09%	9,481,639	0.12%
Special Inventory	13,339,326	0.16%	14,352,152	0.19%
Total Appraised Value Before Exemptions	$ 8,488,052,274	100.00%	$ 7,664,798,818	100.00%
Less: Total Exemptions/ Reductions	3,118,240,233		2,852,744,609	
Net Taxable Assessed Value	$ 5,369,812,041		$ 4,812,054,209	

[1] Obtained from property tax reports provided by the Kerr County Appraisal District and the State of Texas Comptroller of Public Accounts.

Table 4 - Valuation and Tax Supported Debt History

Fiscal Year Ended 09/30	Net Taxable Assessed Valuation	Bonded Debt History	Ratio of Debt to Assessed Valuation
2015	$ 3,989,289,511	$ 25,575,000	0.64%
2016	4,036,960,622	29,110,000	0.72%
2017	4,138,189,710	27,610,000	0.67%
2018	4,342,821,445	26,230,000	0.60%
2019	4,504,796,865	31,250,000	0.69%
2020	4,812,054,209	29,885,000	0.62%
2021	5,369,812,041	30,540,000	0.57%
2022	5,792,079,722	32,140,000	0.55%
2023	6,695,259,804	32,140,000	0.48%
2024	7,545,638,307	32,980,000 (1)	0.44%

(1) Includes the Notes. Preliminary, subject to change.

Table 5 - Tax Rate, Levy and Collection History

Tax Year	Tax Rate	General Fund	Interest and Sinking Fund	FM and Lateral Roads	Tax Levy	% Collections Current	% Collections Total	Fiscal Year Ended
2013	$0.4443	$ 0.3604	$ 0.0516	$ 0.0323	$ 17,215,176	98.91%	99.15%	09/30/2014
2014	0.4443	0.3517	0.0603	0.0323	17,763,326	98.60%	98.81%	09/30/2015
2015	0.4850	0.3749	0.0778	0.0323	19,579,259	98.11%	99.03%	09/30/2016
2016	0.5000	0.3924	0.0753	0.0323	20,870,398	95.42%	98.39%	09/30/2017
2017	0.5000	0.4004	0.0673	0.0323	22,010,183	97.40%	97.57%	09/30/2018
2018	0.5150	0.4105	0.0722	0.0323	23,199,704	97.63%	98.51%	09/30/2019
2019	0.5150	0.4263	0.0564	0.0323	24,782,079	98.21%	98.91%	09/30/2020
2020	0.4757	0.3870	0.0589	0.0298	25,544,196	98.36%	99.60%	09/30/2021
2021	0.4542	0.3928	0.0330	0.0284	26,307,626	98.89%	99.60%	09/30/2022
2022	0.4051	0.3373	0.0425	0.0253	27,122,497	98.54%	99.66%	09/30/2023
2023	0.4300	0.3556	0.0518	0.0226	32,446,245	(In process of collection)		09/30/2024

Source: County Financial Records and Kerr County Appraisal District

Table 6 - County Sales Tax History

Fiscal Year Ending 9/30	Total Collected	% of Ad Valorem Tax Levy	Equivalent Ad Valorem Tax Rate
2014	$ 3,406,799	19.79%	$ 0.08828
2015	3,521,651	19.83%	0.08828
2016	3,681,545	18.80%	0.09120
2017	3,830,782	18.36%	0.09257
2018	3,983,451	18.10%	0.09172
2019	4,169,452	17.97%	0.09256
2020	4,590,409	18.52%	0.09539
2021	5,254,563	20.57%	0.09785
2022	5,894,745	22.41%	0.10177
2023	6,161,498	22.72%	0.09203

Source: Texas Comptroller of Public Accounts and Kerr County Appraisal District and the County.

Table 7 - Ten Largest Taxpayers

Name of Taxpayer	Nature of Property	2023/24 Taxable Assessed Valuation	Percent of Total
James Avery Craftsmen, Inc.	Jewelry Manufacturer	$ 51,966,989	0.69%
LCRA Transmission Services Corp.	Electric Utility	35,109,608	0.47%
Atmos Energy	Electric Utility	22,229,697	0.29%
Buckhorn Lake Resort	Rental Property	15,842,261	0.21%
Kerrville SPC LLC	Grocery Store	14,000,035	0.19%
HE Butt Grocery Co.	Grocery Store	11,314,584	0.15%
Oasis Pipeline Co Tx	Oil and Gas	9,923,338	0.13%
Sendero Ridge Apartments LLC	Apartments	9,235,000	0.12%
Wal-Mart Stores	Retail Superstore	9,200,000	0.12%
Natural Fountains Properties Inc	Campground	9,045,641	0.12%
		$ 187,867,153	1.80%

Sources: Kerr County Appraisal District

Table 8 - Estimated Overlapping Debt Statement

Taxing Body	Amount	As of	Percentage Overlaping	Amount Overlaping
Center Point ISD	$ 1,450,000	02/29/2024	100.00%	$ 1,450,000
Comfort ISD	40,925,000	02/29/2024	20.67%	8,459,198
Divide ISD	-	02/29/2024	100.00%	-
Harper ISD	-	02/29/2024	11.03%	-
Hunt ISD	3,995,000	02/29/2024	100.00%	3,995,000
Ingram ISD	34,830,000	02/29/2024	100.00%	34,830,000
Ingram, City of	3,368,000	02/29/2024	100.00%	3,368,000
Kerrville ISD	84,510,000	02/29/2024	100.00%	84,510,000
Kerrville, City of	95,890,000	02/29/2024	100.00%	95,890,000
Lake Ingram Estates Road District	102,000	02/29/2024	100.00%	102,000
Medina ISD	4,725,000	02/29/2024	3.21%	151,673
Total Overlapping Debt				$ 232,755,870
Kerr County	**$ 32,980,000** [1]	**04/01/2024**	**100.00%**	**$ 32,980,000**
Total Direct and Overlapping Debt				$ 265,735,870

Ratio Overlapping Debt to Taxable Assessed Valuation	3.52%
Ratio Overlapping Debt to Total Assessed Valuation	2.11%
Per Capita Overlapping Debt	$ 4,945

[1] Includes the Notes. Preliminary, subject to change.

Note: Expenditures of the various taxing bodies also containing the territory of the County are paid out of ad valorem taxes levied by these taxing bodies on properties within the County. These political taxing bodies are independent of the County and may incur borrowings to finance their expenditures. The statement of direct and estimated overlapping ad valorem tax debt was developed from information contained in “Texas Municipal Reports” published by the Municipal Advisory Council of Texas. Except for the amounts relating to the County, the County has not independently verified the accuracy or completeness of such information, and no person should rely upon such information as being accurate or complete. Furthermore, certain of the entities may have issued additional debt since the date stated in the table, and such entities may have programs requiring the issuance of substantial amounts of additional debt, the amount of which cannot be determined. The table reflects the estimated share of overlapping net debt of the various taxing bodies.

Table 9 - Outstanding Limited Tax General Obligation Debt Service Requirements

Fiscal Year Ended 09/30	Outstanding Debt Service Requirements	The Notes[1] Principal	Interest	Total	Total Debt Service Requirements
2024	$ 3,219,840	$ 430,000	$ 33,361	$ 463,361	$ 3,683,201
2025	3,224,085	320,000	114,950	434,950	3,659,035
2026	3,222,803	335,000	99,394	434,394	3,657,196
2027	3,216,960	350,000	83,125	433,125	3,650,085
2028	3,215,109	365,000	66,144	431,144	3,646,253
2029	2,474,695	385,000	48,331	433,331	2,908,026
2030	2,480,764	405,000	29,569	434,569	2,915,333
2031	2,487,865	420,000	9,975	429,975	2,917,840
2032	2,476,393	-	-	-	2,476,393
2033	2,240,060	-	-	-	2,240,060
2034	2,238,391	-	-	-	2,238,391
2035	2,247,565	-	-	-	2,247,565
2036	1,054,500	-	-	-	1,054,500
2037	1,060,776	-	-	-	1,060,776
2038	1,055,920	-	-	-	1,055,920
2039	897,892	-	-	-	897,892
2040	896,778	-	-	-	896,778
2041	899,813	-	-	-	899,813
2042	638,352	-	-	-	638,352
2043	637,445	-	-	-	637,445
2044	224,191	-	-	-	224,191
2045	223,890	-	-	-	223,890
2046	223,439	-	-	-	223,439
2047	222,838	-	-	-	222,838
TOTAL	**$ 40,780,361**	**$ 3,010,000**	**$ 484,848**	**$ 3,494,848**	**$ 44,275,209**

[1] Preliminary, subject to change. Interest calculated at an assumed rate for purposes of illustration.

Authorized but Unissued General Obligation Bonds: The County has no authorized but unissued bonds.

Table 10 - Tax Adequacy

County's Interest and Sinking Fund Balance as of September 30, 2023	$ 459,168
2023/24 Taxable Assessed Valuation	7,545,638,307
Estimated Maximum Debt Service for the Fiscal Year Ending September 30, 2025	3,683,201
Indicated Interest and Sinking Fund Tax Rate	0.05056
Indicated Interest and Sinking Fund Tax Levy	3,815,075
Estimated 98% Tax Collections	3,738,773

Table 11 - General Fund Revenues and Expenditures

	Fiscal Years Ended September 30,				
	2023	2022	2021	2020	2019
Revenues:					
Ad Valorem Taxes	$ 22,018,068	$ 22,322,686	$ 20,258,536	$ 20,288,495	$ 18,576,070
Other Taxes, Licenses and Permits	6,891,320	6,590,500	5,798,896	5,120,968	4,743,762
Intergovernmental	3,321,887	438,553	945,415	1,345,640	407,736
Fines and Forfeitures	120,451	141,730	133,821	138,793	165,703
Fee of Office	3,777,256	3,368,380	3,124,429	2,927,512	2,921,627
Interest	1,741,029	257,101	35,929	254,007	460,514
Miscellaneous	536,717	226,251	359,684	349,965	280,081
Total Revenues	**$ 38,406,728**	**$ 33,345,201**	**$ 30,656,710**	**$ 30,425,380**	**$ 27,555,493**
Expenditures:					
Current:					
General Government	$ 7,680,151	$ 7,205,704	$ 6,052,263	$ 5,931,312	$ 5,979,137
Administration of Justice and Public Safety	22,199,120	19,196,819	17,699,215	18,086,532	17,938,592
Health and Welfare Services	1,332,756	1,325,205	999,600	1,033,526	1,060,408
Community and Economic Development	1,154,501	1,055,794	911,941	944,778	861,724
Infrastructure and Environmental	260,652	394,446	226,569	228,022	229,085
Tax Administration	-	-	-	-	-
Debt Service	-	-			
Principal	391,580	294,289	252,033	294,686	451,264
Interest and Fees	7,952	17,018	15,924	19,675	9,366
Capital Outlay	-	-	-	-	-
Total Expenditures	**$ 33,026,712**	**$ 29,489,275**	**$ 26,157,545**	**$ 26,538,531**	**$ 26,529,576**
Excess/(Deficiency) of Revenues Over Expenditures	$ 5,380,016	$ 3,855,926	$ 4,499,165	$ 3,886,849	$ 1,025,917
Other Financing Sources	-	608,042	279,265	433	881,381
Other Financing (Uses)	(2,568,099)	(2,241,000)	(1,332,466)	(799,020)	(752,288)
Beginning Fund Balance	19,362,239	17,139,271	13,693,306	10,605,044	9,450,034
Prior Year Adjustment	-	-	1	-	-
Ending Fund Balance - September 30	**$ 22,174,156**	**$ 19,362,239**	**$ 17,139,271**	**$ 13,693,306**	**$ 10,605,044**

Source: County's Audited Financial Statements for the Fiscal Years Ended September 30, 2019 - September 30, 2023.

Table 12 - Current Investments (as of September 30, 2023)

Investment Description	Total Invested	Percent
Certificate of Deposit	$ 8,076,071	19.14%
Money Market Account	298,247	0.71%
Investment Pools	31,824,604	75.43%
Treasury Notes	1,487,578	3.53%
FNMA Strips	505,383	1.20%
Total	$ 42,191,883	100.00%

Source: County's Audited Financial Statements for the Fiscal Year Ended September 30, 2023.

APPENDIX B

KERR COUNTY, TEXAS
ECONOMIC AND DEMOGRAPHIC INFORMATION

KERR COUNTY, TEXAS
ECONOMIC AND DEMOGRAPHIC INFORMATION

Economy

Kerr County's economy is based on a combination of manufacturing, agri-business and tourism. There are 10 manufacturing plants in the County employing over 20 employers each and producing products ranging from aircraft, boats, jewelry, parts and high tech plastics to pre-fabricated buildings and building components. Much of the resources from agri-business involve sheep, cattle, goats, horses and hay. There are three major hospitals located in the City of Kerrville, employing approximately 1,800 people. These hospitals include Kerrville State Hospital, the Veterans Administration Hospital and Sid Peterson Memorial Hospital.

The County is located in the heart of the Texas Hill Country where the Guadalupe River originates. Along with many vacation resorts and numerous summer camps for young people, this makes the County a haven for tourists and conventions as well as a popular retirement area. The County has also attracted numerous visitors with its opportunities for hunting and fishing. In addition to the large number of deer native to the County, it became an early center for the exotic game industry in Texas.

KERR COUNTY LABOR FORCE STATISTICS

Labor Force History

	2024[1]	2023	2022	2021	2020
Labor Force	22,473	22,557	22,343	22,248	21,665
Employed	21,659	21,761	21,542	21,234	20,396
Unemployed	814	796	801	1,014	1,269
Percent of Labor Force Unemployed	3.6%	3.5%	3.6%	4.6%	5.9%

[1] As of January 2024.
Source: Labor Market Information Department, Texas Workforce Commission.

Comparative Unemployment Rates

	2024[1]	2023	2022	2021	2020
Kerr County	3.6%	3.5%	3.6%	4.6%	5.9%
State of Texas	4.1%	3.9%	3.9%	5.6%	7.7%
United States of America	4.1%	3.6%	3.6%	5.3%	8.1%

[1] As of January 2024.
Source: Labor Market Information Department, Texas Workforce Commission.

APPENDIX C

AUDITED FINANCIAL STATEMENT
FOR THE YEAR ENDED SEPTEMBER 30, 2023

KERR COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED
SEPTEMBER 30, 2023

DEPARTMENT ISSUING REPORT

Kerr County Auditor's Office
Tanya Shelton, County Auditor

THE STATE OF TEXAS

KERR COUNTY

KERR COUNTY, TEXAS
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2023

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KERR COUNTY, TEXAS
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2023

PRINCIPAL OFFICIALS

COUNTY JUDGE	ROB KELLY
COMMISSIONER, PRECINCT 1	ANNE OVERBY
COMMISSIONER, PRECINCT 2	RICH PACES
COMMISSIONER, PRECINCT 3	JONATHAN LETZ
COMMISSIONER, PRECINCT 4	DON HARRIS
COUNTY AUDITOR	TANYA SHELTON
COUNTY TREASURER	TRACY SOLDAN
ASSESSOR-COLLECTOR OF TAXES	BOB REEVES
COUNTY CLERK	IAN COLLUM
DISTRICT CLERK	DAWN LANTZ
SHERIFF	LARRY L. LEITHA, JR.
COUNTY ATTORNEY	HEATHER STEBBINS
COUNTY COURT-AT-LAW JUDGE	SUSAN HARRIS

OFFICIAL ISSUING REPORT

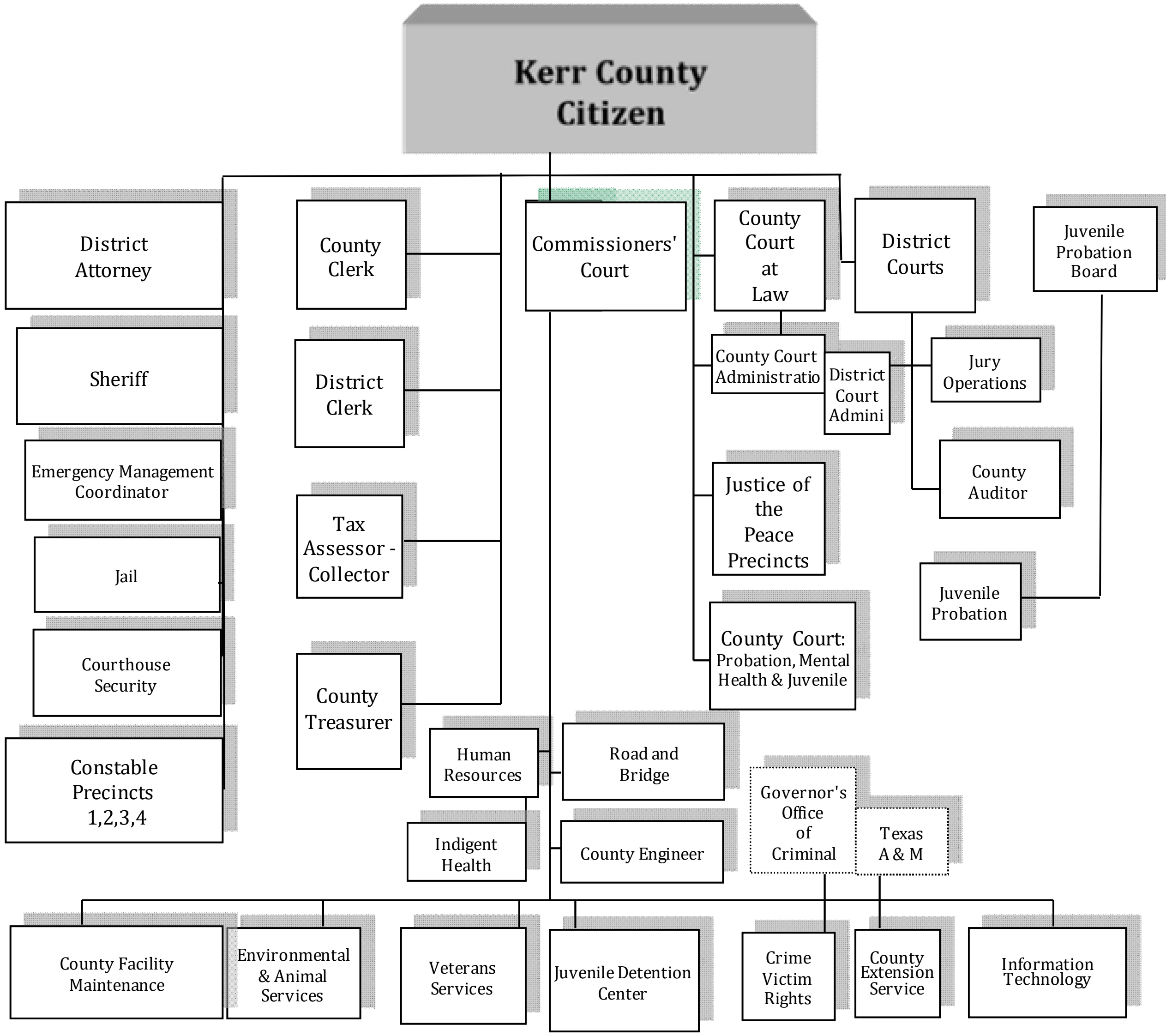
COUNTY AUDITOR

THE STATE OF TEXAS

KERR COUNTY

KERR COUNTY

Organizational Chart



Armstrong, Vaughan & Associates, P. C.
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

The Honorable Judge and
Members of the Commissioners' Court
Kerr County, Texas

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Kerr County, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Kerr County, as of September 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of Kerrville-Kerr County Airport Board, a joint venture between the City of Kerrville and Kerr County, which statements reflect total net position of $18,042,479 of which 50% ($9,021,240) is recorded in the statement of net position and represents 8.3% of the governmental activities total assets. The financial statements of the Kerrville-Kerr County Airport Board were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included as equity in joint venture is based solely on the report of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Kerr County and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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Management's Responsibility for the Financial Statements

Kerr County's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Kerr County's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, budgetary comparison information, schedule of changes – net pension liability and related ratios, the schedule of County Contributions, and the changes in OPEB liability and related ratios listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on management's discussion and analysis, budgetary comparison information and schedule of changes – net pension liability and related ratios, and the schedule of County's Contributions, and the changes in OPEB liability and related ratios because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Kerr County's basic financial statements. The comparative statements and combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The comparative financial statements and combining nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the comparative financial statements and the combining nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 20, 2024 on our consideration of Kerr County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Kerr County's internal control over financial reporting and compliance.

Armstrong, Vaughan & Associates, P.C.

Armstrong, Vaughan & Associates, P.C.

March 20, 2024

As management of Kerr County, Texas (the County), we offer readers of the County's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended September 30, 2023. We encourage readers to consider the information presented here in conjunction with the accompanying basic financial statements and the accompanying notes to those financial statements.

FINANCIAL HIGHLIGHTS

Highlights for Government-wide Financial Statements

The government-wide financial statements report financial information about the County as a whole using the economic resources measurement focus and accrual basis of accounting.

- The total government-wide assets and deferred outflows of resources of the County exceeded the liabilities and deferred inflows of resources at September 30, 2023 by $108.3 million (net position), an increase from the previous year of 8.6%.

- During the year, the County's expenses were $41.9 million, which was $8.6 million less than the $50.5 million generated in taxes and other revenues for governmental activities.

- Total revenue from all sources was $50.5 million. The primary revenue sources for governmental activities were property (ad valorem) taxes ($26.9 million), charges for services ($6 million), capital grants and contributions ($6.5 million), and sales and other taxes ($6.9 million). These four revenue sources accounted for 53.3%, 11.9%, 12.9%, and 13.6% respectively, or 91.6% of total governmental activities revenues.

- Total expenditures for governmental activities were $41.9 million. The largest functional expenses were public safety ($10.9 million), General Government ($7.8 million) and Corrections (7.0 million).

- The County issued a Series 2023 General Obligation Limited Tax Bond for $5.5 million.

Highlights for Fund Financial Statements

The fund financial statements report financial information about the County's major, or most significant funds, using the current financial resources measurement focus and modified accrual basis of accounting.

Fund Balance

- The County's General Fund reported a fund balance of $22.2 million, an increase of $2.8 million from September 30, 2022.

- Of the total fund balance for General Fund of $22.2 million, the unassigned fund balance of $21.6 million equals 66.0% of the fiscal year 2023 total general fund actual expenditures.

Highlights on Revenue

Sales Tax Revenue

- Sales tax and other taxes for the fiscal year were $6.9 million, which were 4.6% higher than the previous year.

American Rescue Plan Awards

- The County recognized an $2 million in American Rescue Plan Funding (ARPA) grant funds in the current year. These funds were predominately used for a new Motorola Communications System and other Emergency Responder expenditures.

- Interest income increased from $262 thousand in 2022 to $1.8 million in 2023. This was a 602.8% increase.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts—management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the County:

- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the County's overall financial status.

- The remaining statements are *fund financial statements* that focus on *individual parts* of the government, reporting the County's operations in more detail than the government-wide statements.

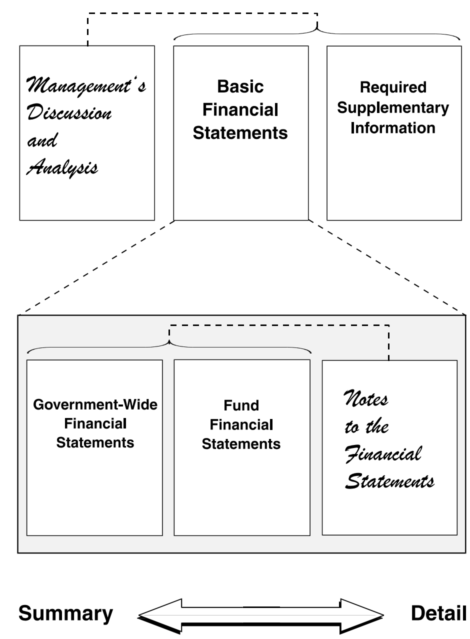
- *The governmental funds* statements tell how *general government* services were financed in the *short term* as well as what remains for future spending.

- *Proprietary fund* statements offer *short-* and *long-term* financial information about the activities the government operates *like businesses*, such as self-funded employee medical insurance.

Fiduciary fund statements provide information about the financial relationships in which the County acts solely as a *trustee or agent* for the benefit of others, to whom the resources in question belong

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and related to one another.

Figure A-1, Required Components of the County's Annual Financial Report



Government-wide Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business. They present the financial picture of the County from an economic resource measurement focus using the accrual basis of accounting. These statements include all assets of the County and all liabilities. Additionally, certain adjustments have occurred to eliminate interfund transactions.

The statement of net assets includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the County's net position and how they have changed. Net assets—the difference between the County's assets and liabilities—is one way to measure the County's financial health or *position*.

- Over time, increases or decreases in the County's net position are an indicator of whether its financial health is improving or deteriorating, respectively.

- To assess the overall health of the County, one needs to consider additional nonfinancial factors such as changes in the County's tax base.

The government-wide financial statements of the County include the *Governmental activities*. Most of the County's basic services are included here, such as general government, judicial, public safety, infrastructure, etc. Property taxes and charges for services finance most of these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the County's most significant *funds*—not the County as a whole. Funds are accounting devices that the County uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by State law and by bond covenants.

- The County establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants.

The County has the following kinds of funds:

- *Governmental funds*—Most of the County's basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explain the relationship (or differences) between them.

- *Fiduciary funds*—The County is the trustee, or *fiduciary*, for certain funds. It is also responsible for other assets that—because of a trust arrangement—can be used only for the trust beneficiaries. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the County's fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. We exclude these activities from the County's government-wide financial statements because the County cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

Statement of Net Position

The County's net position was $108.2 million at September 30, 2023. (See Table A-1).

Table A-1
Kerr County's Net Position

	Governmental Activities		Total Percentage Change
	2023	2022	2023-2022
ASSETS			
Cash and Cash Equivalents	$ 41,067,355	$ 32,848,016	25%
Receivables (Net)	2,104,707	1,859,047	13%
Court Fees and fines Receivables, net	1,578,522	1,607,103	-2%
Due from Officials' Offices	94,753	-	100%
Due from Others	1,151,420	4,336,986	-73%
Prepaid Items	601,630	577,617	4%
Inventory	193,699	165,566	17%
Equity in Airport Joint Venture	9,021,240	8,695,111	4%
Restricted Cash - Centerpoint	15,435,335	19,342,653	-20%
Capital and Right of Use Leased Assets	99,109,687	93,761,550	6%
Net Pension Asset	-	3,072,796	-100%
TOTAL ASSETS	170,358,348	166,266,445	2%
DEFERRED OUTFLOWS OF RESOURCES	6,381,015	7,046,914	-9%
LIABILITIES			
Accounts Payable	2,002,004	3,397,723	-41%
Wages, Salaries & Benefits Payable	1,010,057	816,037	24%
Accrued Interest	70,444	44,707	58%
Due to Others	42,194	2,510	1581%
Unearned Revenue	16,882,595	22,786,871	-26%
Net Pension Liability	7,576,090	-	100%
Other Post Employment Benefit Liability	2,756,302	2,766,581	0%
Due Within One Year	3,120,447	2,604,119	20%
Due in More Than One Year	33,719,294	28,785,891	17%
TOTAL LIABILITIES	67,179,427	61,204,439	10%
DEFERRED INFLOWS OF RESOURCES	1,309,808	12,467,184	-89%
NET POSITION:			
Investment in Capital Assets	68,655,755	63,270,427	9%
Restricted Net Position	3,799,874	3,540,320	7%
Unrestricted Net Position	35,794,499	32,830,989	9%
TOTAL NET POSITION	$ 108,250,128	$ 99,641,736	9%

The County's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $108.2 million at the close of the current fiscal year. Of this amount, $68.7 million represents the portion the County has invested in capital assets (e.g. land, buildings, machinery, and equipment), net of accumulated depreciation less any outstanding debt used to construct or acquire those assets. The County uses these capital assets to provide services to citizens; consequently, these funds are not available for future spending.

Statement of Activities

Table A-2 indicates changes in net position for governmental activities. (Note: The County does not have any business-type activities.)

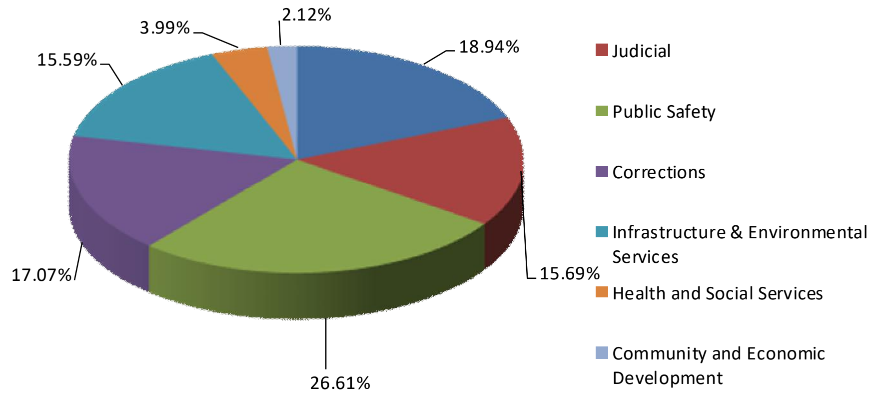
Table A-2

Changes in Kerr County's Net Position

	Governmental Activities 2023	Governmental Activities 2022	Total Percentage Change 2023-2022
Revenues			
Program Revenues:			
Charges for Services	$ 5,988,570	$ 5,318,665	13%
Operating Grants and Contributions	1,655,362	3,566,547	-54%
Capital Grants and Contributions	6,535,263	8,104,099	-19%
General Revenues:			100%
Property Taxes	26,902,322	26,202,838	3%
Sales Tax and Other Tax	6,885,514	6,584,873	5%
Investment Earnings	1,838,643	261,609	603%
Miscellaneous Revenues	344,811	99,991	245%
Special Item - Airport Joint Venture	326,129	307,286	6%
Total Revenues	50,476,614	50,445,908	0%
Expenses:			
General Government	7,770,576	5,177,048	50%
Judicial	6,436,140	6,322,721	2%
Public Safety	10,913,808	7,436,366	47%
Corrections	7,001,800	5,305,481	32%
Infrastructure & Environmental Services	6,394,964	5,759,887	11%
Health and Social Services	1,635,408	624,152	162%
Community and Economic Development	867,954	749,397	16%
Interest on Long-Term Debt	847,572	681,356	24%
Total Expenses	41,868,222	32,056,408	31%
Increase (Decrease) in Net Position	8,608,392	18,389,500	-53%
Net Position at Beginning of Year	99,641,736	81,252,236	23%
Net Position at End of Year	$ 108,250,128	$ 99,641,736	9%

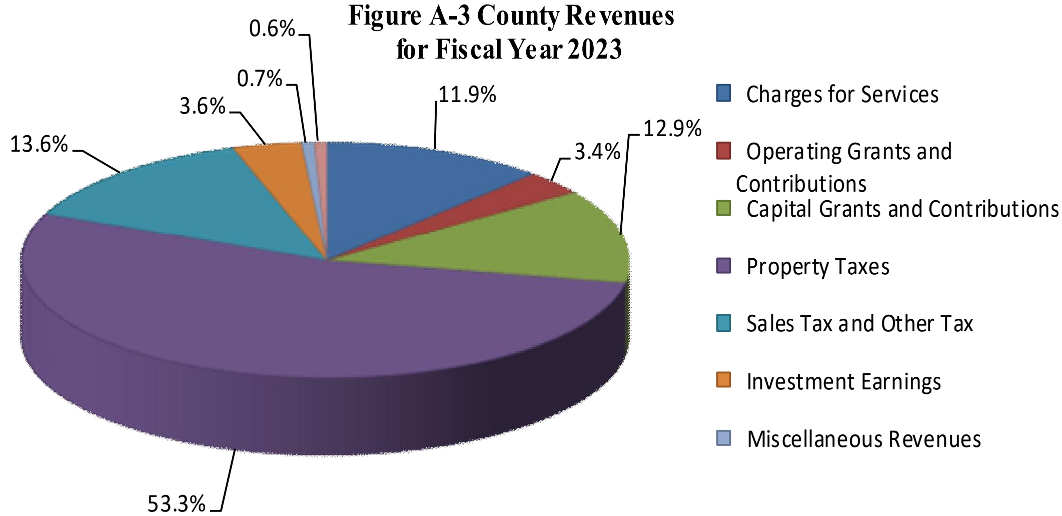
Expenditures. The total cost of all programs and services was $41.9 million (see Figure A-2).

Figure A-2 County Expenditures for Fiscal Year 2023



- General Government includes County Court, Commissioners' Court, County Clerk, Information Technology, Non-Departmental, Human Resources, County Auditor, Treasurer, Tax Office, Maintenance, and Airport.
- Judicial includes County Judge, County Court at Law, Court Compliance, District Courts, Crime Victims' Rights, District Attorneys, District Clerk, Justice of the Peace, County Attorney, Juvenile Probation, and Adult Probation.
- Health and Social Services includes Health & Emergency Services, Animal Control, Fire Protection and Indigent Health.
- Corrections includes Jail and Juvenile Detention.
- Community & Economic Development includes Maintenance (General, Parks & HCYEC), County Sponsored Activity, Extension Office, Library and Parks.
- Public Safety includes Constables, Sheriff and Department of Public Safety.
- Infrastructure and Environmental Services includes Environmental Health and Road & Bridge.

Figure A-3 County Revenues for Fiscal Year 2023



Revenues. The County's total revenues were $50.5 million. A significant portion, 66.9%, of the County's revenue comes from taxes, including primarily property tax and sales tax. (See Figure A-3.) Other revenue sources include 11.9% from charges for services, with 16.3% from grants (capital and operating) and contributions.

Changes in Net Position. Table A-3 presents the cost of each of the County's largest functions as well as each function's net cost (total cost less fees generated by the activities and intergovernmental aid). The net cost reflects what was funded by state revenues as well as local tax dollars.

- The cost of all *governmental* activities this year was $41.9 million.
- However, the amount that our taxpayers paid for these activities through property taxes was $26.9 million and $6.9 million through sales and other tax.
- The cost paid by those who directly benefited from the programs was $6.0 million.
- The total received by the County for grants (capital and operating) and contributions was $8.2 million.

Table A-3

Net Cost of Selected County Functions

	Total Cost of Services		Net Cost of Services	
	2023	2022	2023	2022
General Government	$ 7,770,576	$ 5,177,048	$ (7,438,058)	$ (6,209,226)
Judicial	6,436,140	6,322,721	(5,098,575)	(3,854,006)
Public Safety	10,913,808	7,436,366	(8,228,103)	(6,941,377)
Corrections	7,001,800	5,305,481	(5,638,666)	(5,145,553)
Infrastructure & Environmental Services	6,394,964	5,759,887	1,795,964	(1,171,166)
Health and Social Services	1,635,408	624,152	(1,462,956)	(1,106,245)
Community and Economic Development	867,954	749,397	(771,061)	(880,326)

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Governmental funds. The focus of the County's *governmental funds* is to provide information on near-term inflows, outflows and balances of spendable resources. This information is useful in assessing the County's financing requirements. Specifically, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the County's governmental funds reported combined ending fund balance approximating $39.4 million, an increase of $8.6 million in comparison with the prior year. The increase can be primarily attributed to a new series 2023 bond issuance of $5.5 million and general fund investment earnings, which increased $1.5 million from the prior fiscal year. General Fund revenues as a whole were $5.6 million less than budgeted. Revenues increased in intergovernmental grants of $2.9 million and investment earnings of 1.5 million. Investments increased by $1.6 million more than budgeted amounts. On the expenditure side, actual expenditures were $9.8 million less than budgeted with the biggest positive variance in Public Safety of $6.4 million, with every department spending less than the budgeted amount.

The County's major general governmental funds are contained in the General Fund, Road and Bridge Fund, Capital Projects Fund, Debt Service Fund, Public Defender's Office Fund and Centerpoint Wastewater Fund.

General Fund. The General Fund is the chief operating fund of the County. The total fund balance for general fund was $22.2 million with the unassigned fund balance of the General Fund at $21.6 million.

As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance to total general fund expenditures. Unassigned fund balance for fiscal year 2023 represents 66.0% of total General Fund actual expenditures. This significant fund balance to total expenditure ratio indicates a healthy financial position.

Expenditures in the General Fund increased by approximately $3.5 million or 12% more than the prior year.

Road and Bridge Fund. The Road and Bridge Fund is the primary fund responsible for maintaining County roads. At the end of the current fiscal year, the fund balance in the Road and Bridge Fund was $1.2 million, an increase over the previous fiscal year by $282 thousand or 29.5%.

Capital Projects Fund. The Capital Projects Fund accounts for the County's major projects, and the proceeds from Limited Tax Bonds issued in 2023 (for constructing the animal control shelter).

Debt Service Fund. The debt service fund accounts for the accumulation of resources and the subsequent disbursement of such resources to pay principal and interest on general long-term debt.

Centerpoint Wastewater Fund. The Centerpoint Wastewater Fund accounts for disbursements for the construction of the County's wastewater project and includes proceeds from the Texas Water Development Board Certificates of Obligation issued in 2012, 2016, 2018, and 2019.

Public Defender's Office. The administration of this fund was transferred to a different County during the year.

Budgetary Highlights

The County revised its original budget for the general fund several times to adjust for changes resulting in an overall increase of $987 thousand in revenues and increase of $1.7 million in expenses. As part of the budget revisions, increases were made to the various revenues and the related expenditures based on the source of the funds. Unplanned American Rescue Plan Act (ARPA) expenditures were $607 thousand which included $364 thousand for emergency responders, $162 thousand in contract services and $81 thousand for a temporary worker.

Additionally, the County revised its original budget for the road and bridge fund to adjust for changes resulting in $0 in total revenues and $13 thousand in total expenses. As part of the budget revisions, increases were made to infrastructure and environmental services.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2023, the County had invested $99.1 million in a broad range of capital assets, including land, equipment, buildings, and vehicles. (See Table A-4.) This amount represents a net increase (including additions and deductions) of $5.3 million or 5.7% percent more than last year.

Table A-4
County's Capital Assets

	Governmental Activities	
	2023	2022
Land	$ 5,470,158	$ 5,443,158
Infrastructure	67,908,933	67,908,933
Buildings and Improvements	39,117,476	39,080,276
Equipment, Machinery and Furniture	17,449,843	16,005,182
Construction In Progress	1,285,782	-
Construction In Progress - Centerpoint	18,694,451	14,362,636
Right of Use Asset	1,444,673	483,492
Totals at Historical Cost	151,371,316	143,283,677
Total Accumulate Depreciation	(52,261,629)	(49,522,125)
Net Capital Assets	$ 99,109,687	$ 93,761,552

Note: More detailed information on capital assets can be found in the notes to the financial statements (NOTE H – CAPITAL ASSETS).

CAPITAL PROJECTS/EXPENDITURES FOR FY 2024

The County's Capital Projects Fund estimates spending $18.4. million for capital projects, the major projects are as follows:

Continuing Multi-Year Project

- $12.4 million – East Kerr Centerpoint Wastewater System Construction and Plant Expansion
- $5.6 million – Animal Control Shelter
- $0.4 million – Airport projects

Long Term Debt

Bond Ratings

The County's bonds presently carry "AA" ratings with underlying ratings as follows: Standard & Poors "AA".

At year-end the County had $32.3 million in bonds and notes outstanding and $1.4 million in lease liabilities as shown in Table A-5.

Table A-5
County's Long Term Debt

	Governmental Activities	
	2023	2022
Limited Tax Notes, Taxable Series 2015	$ 10,895,000	$ 11,580,000
Certificate of Obligation TWDB, Series 2016	4,360,000	4,590,000
Certificate of Obligation TWDB, Series 2018	4,080,000	4,210,000
Certificate of Obligation TWDB, Series 2019	1,885,000	1,990,000
Limited Tax Refunding Bonds, Taxable Series 2020	3,580,000	4,070,000
Limited Tax Notes, Taxable Series 2021	1,830,000	2,190,000
Limited Tax Notes, Taxable Series 2023	5,510,000	-
Notes Payable	127,316	187,109
Lease Liabilities	1,444,673	483,492
Total Outstanding Debt	$ 33,711,989	$ 29,300,601

Note: More detailed information on capital assets can be found in the notes to the financial statements (NOTE J – LONG-TERM DEBT).

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The annual budget is developed to provide efficient, effective, and economic uses of the County's resources, as well as a means to accomplish the highest priority objectives. Through the budget, the Commissioners' Court sets the direction of the county, allocates its resources, and establishes its priorities.

In calculating the taxes for the fiscal year 2024 budget, as of September 11, 2023, Kerr County had a net taxable appraised value, freeze adjusted, of $5.4 billion, which was $500.0 million more than the previous year, a 10.0% increase. The increase is a combined effect of new property, increased property values and growth offset by the over 65 tax freeze.

These indicators were taken into account when adopting the general fund budget for fiscal year 2024. The tax rate adopted by the Commissioners Court, $0.4300 per hundred-dollar valuation, allows the county to receive $4,751,975 more than the previous year. Therefore, additional property tax revenue is generated from new property and tax rate increases in accordance with the State of Texas' Truth-In Taxation laws.

The general operating fund budget increased in the 2023-2024 budget to $36.6 from $32.1 million in the 2022-2023 budget. This is a 14% increase. The increase in the budget was primarily due to the following:

1. Increases in employee wages and salaries due to:
   - Wage adjustment of 5%
   - Projected overtime for eclipse
   - Increase in contingency funds.
2. Capital outlay for Road & Bridge, Information Technology and Environmental Health departments, leased vehicles and upgrades for financial software.
3. Anticipated inflation.

The County adopted a general operating fund budget with the intent that there would be a net decrease in estimated fund balance between budgeted revenues and budgeted expenditures. Even with the use of current fund balance, the County estimated the remaining fund balance will be above 25% of the budgeted expenditures at year end.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the County Auditor's Office at:

Kerr County, Texas
Office of County Auditor
Kerr County Courthouse
700 Main Street
Kerrville, Texas 78028
(830) 792-2237

THE STATE OF TEXAS

KERR COUNTY

BASIC FINANCIAL STATEMENTS

The basic financial statements include integrated sets of financial statements as required by the GASB. The sets of statements include:

- Government – wide financial statements
- Fund financial statements:
    - Governmental funds
    - Fiduciary funds

In addition, the notes to the financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.

KERR COUNTY, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2023

	Governmental Activities
ASSETS	
Cash and Investments	$ 41,067,355
Receivables, net	2,104,707
Court Fees and Fines Receivable, net	1,578,522
Due from Officials' Offices	94,753
Due from Others	1,151,420
Prepaid Items	601,630
Inventory	193,699
Equity in Airport Joint Venture	9,021,240
Restricted Assets:	
Restricted Cash - Centerpoint	15,435,335
Capital Assets:	
Land	5,470,158
Infrastructure, net	45,385,864
Buildings, net	22,252,394
Machinery and Equipment, net	4,576,365
Construction in Progress	19,980,233
Right of Use Leased Asset, Net of Amortization	1,444,673
TOTAL ASSETS	170,358,348
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Outflows - Pension Related	5,070,041
Deferred Outflows - OPEB	1,310,974
TOTAL DEFERRED OUTFLOWS OF RESOURCES	$ 6,381,015

See accompanying notes to basic financial statements.

KERR COUNTY, TEXAS
STATEMENT OF NET POSITION (CONTINUED)
SEPTEMBER 30, 2023

	Governmental Activities
LIABILITIES	
Accounts Payable	$ 2,002,004
Wages, Salaries & Benefits Payable	1,010,057
Accrued Interest	70,444
Due to Others	42,194
Unearned Revenue	16,882,595
Noncurrent Liabilities:	
Net Pension Liability	7,576,090
Other Post Employment Benefit Liability	2,756,302
Due Within One Year	3,120,447
Due in More Than One Year	33,719,294
TOTAL LIABILITIES	67,179,427
DEFERRED INFLOWS OF RESOURCES	
Deferred Inflows - OPEB	1,309,808
TOTAL DEFERRED INFLOWS OF RESOURCES	1,309,808
NET POSITION:	
Net Investment in Capital Assets	68,655,755
Restricted Net Position:	
Federal or State Funds Grant Restriction	103,356
Road & Bridge Construction & Maintenance	1,269,599
Capital Acquisition & Contractual Obligation	39,523
Retirement of Long-Term Debt	510,158
Judicial and Law Enforcement	411,276
Other Purposes	1,465,962
Unrestricted Net Position	35,794,499
TOTAL NET POSITION	$ 108,250,128

See accompanying notes to basic financial statements.

KERR COUNTY, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2023

		Program Revenues		
Functions and Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
General Government	$ (7,770,576)	$ 268,602	$ 63,916	$ -
Administration of Justice	(6,436,140)	1,093,731	243,834	-
Public Safety	(10,913,808)	1,438,956	1,246,749	-
Corrections	(7,001,800)	1,363,134	-	-
Infrastructure & Environmental Services	(6,394,964)	1,619,678	35,987	6,535,263
Health and Social Services	(1,635,408)	107,576	64,876	-
Community and Economic Development	(867,954)	96,893	-	-
Interest on Long-Term Debt	(847,572)	-	-	-
Total Governmental Activities	$ (41,868,222)	$ 5,988,570	$ 1,655,362	$ 6,535,263
General Revenues:				
Taxes				
General Property Taxes				
Lateral Road Property Taxes				
Sales Taxes				
Other Taxes				
Interest and Investment Earnings				
Miscellaneous				
Airport Joint Venture				
Total General Revenues				
Change in Net Position				
Net Position at Beginning of Year				
Net Position at End of Year				

See accompanying notes to basic financial statements.

Net (Expense) Revenue and Changes in Net Position
Governmental Activities
$ (7,438,058)
(5,098,575)
(8,228,103)
(5,638,666)
1,795,964
(1,462,956)
(771,061)
(847,572)
(27,689,027)
25,182,297
1,720,025
6,161,498
724,016
1,838,643
344,811
326,129
36,297,419
8,608,392
99,641,736
$ 108,250,128

KERR COUNTY, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2023

	General Fund	Road and Bridge Fund	Capital Projects Fund
ASSETS			
Cash and Investments	$ 30,552,630	$ 1,388,942	$ 6,421,702
Taxes Receivable	1,079,275	86,495	-
Allowance for Uncollectible Taxes (Credit)	(21,586)	(1,730)	-
Receivables	826,631	-	-
Court Fines and Receivables, net	1,578,522	-	-
Intergovernmental Receivables	13,318	-	-
Due from Other Funds	327,275	4,050	-
Due from Officials' Offices and Others	44,883	30,334	-
Prepaid Items	589,374	12,256	-
Inventory	15,515	178,183	-
Restricted Cash - Centerpoint	-	-	-
TOTAL ASSETS	$ 35,005,837	$ 1,698,530	$ 6,421,702

See accompanying notes to basic financial statements.

Debt Service Fund	Centerpoint Wastewater Fund	Public Defender's Office Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
$ 459,170	$ -	$ -	$ 2,244,911	$ 41,067,355
123,911	-	-	10,607	1,300,288
(2,479)	-	-	(212)	(26,007)
-	-	-	3,795	830,426
-	-	-	-	1,578,522
-	1,138,102	-	-	1,151,420
-	-	-	9,928	341,253
-	-	-	19,536	94,753
-	-	-	-	601,630
-	-	-	-	193,698
-	15,435,335	-	-	15,435,335
$ 580,602	$ 16,573,437	$ -	$ 2,288,565	$ 62,568,673

KERR COUNTY, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS (CONTINUED)
SEPTEMBER 30, 2023

	General Fund	Road and Bridge Fund	Capital Projects Fund
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES			
Liabilities:			
Accounts Payable	$ 744,556	$ 347,331	$ 35,893
Wages, Salaries & Benefits Payable	973,340	29,101	-
Due to Other Funds	220,948	-	-
Due to Others	42,194	-	-
Unearned Revenue	8,214,432	-	-
Total Liabilities	10,195,470	376,432	35,893
Deferred Inflows of Resources			
Unavailable Revenue	2,636,211	84,765	-
Total Deferred Inflows of Resources	2,636,211	84,765	-
Fund Balances:			
Nonspendable Fund Balance:			
Prepaid Items and Inventory	604,889	190,439	-
Restricted Fund Balance:			
Federal or State Funds Grant Restriction	-	-	-
Road & Bridge Construction & Maintenanc	-	1,046,894	-
Capital Acquisition & Contractual Obligatio	-	-	6,385,809
Retirement of Long-Term Debt	-	-	-
Sheriff's Equipment Purchases	-	-	-
Courthouse Security	-	-	-
Election Services	-	-	-
Technology Programs	-	-	-
Records Management	-	-	-
Court Programs	-	-	-
Other Purposes	-	-	-
Unassigned Fund Balance	21,569,267	-	-
Total Fund Balances	22,174,156	1,237,333	6,385,809
TOTAL LIABILITIES, DEFERRED INFLOWS & FUND BALANCES	$ 35,005,837	$ 1,698,530	$ 6,421,702

See accompanying notes to basic financial statements.

Debt Service Fund	Centerpoint Wastewater Fund	Public Defender's Office Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
$ -	$ 852,139	$ -	$ 22,085	$ 2,002,004
-	353	-	7,263	1,010,057
-	114,305	-	6,000	341,253
-	-	-	-	42,194
-	8,669,634	-	-	16,884,066
-	9,636,431	-	35,348	20,279,574
121,434	-	-	10,395	2,852,805
121,434	-	-	10,395	2,852,805
-	-	-	-	795,328
-	6,937,006	-	103,356	7,040,362
-	-	-	222,705	1,269,599
-	-	-	39,523	6,425,332
459,168	-	-	-	459,168
-	-	-	270,644	270,644
-	-	-	107,320	107,320
-	-	-	87,345	87,345
-	-	-	33,312	33,312
-	-	-	842,165	842,165
-	-	-	403,472	403,472
-	-	-	132,980	132,980
-	-	-	-	21,569,267
459,168	6,937,006	-	2,242,822	39,436,294
$ 580,602	$ 16,573,437	$ -	$ 2,288,565	$ 62,568,673

THE STATE OF TEXAS

KERR COUNTY

KERR COUNTY, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2023

TOTAL FUND BALANCE - TOTAL GOVERNMENTAL FUNDS		$ 39,436,294
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital Assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		97,665,014
Right of Use Leased Assets used in governmental activites are not financial resources and ttherefor are not reported the the funds		1,444,673
Joint Venture - The equity in the joint venture does not represent current financial resources and is only recorded in the governmental activities in the Statement of Net Position.		9,021,240
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		2,854,277
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, not reported in the funds.		
Accrued Compensated Absences	(1,749,440)	
Bonds, Leases and Premium Payable	(35,090,301)	(36,839,741)
The governmental funds report pension and other postemployment benefit contributions as expenditures when paid. However, in the statement of activities differences between pension plan and other postemployment benefit contributions and costs for the year are reported as an asset or obligation.		
Net Pension Liability (Asset)	(7,576,090)	
Other Post Employment Benefit Liability	(2,756,302)	
Deferred Outflows - OPEB Related	1,310,974	
Deferred Inflows - OPEB Related	(1,309,808)	
Deferred Outflows - Pension Related	5,070,041	(5,261,185)
Accrued interest payable on long-term-bonds is not due and payable in the current period and, therefore, not reported in the funds.		(70,444)
TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES		$ 108,250,128

See accompanying notes to basic financial statements.

KERR COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	General Fund	Road and Bridge Fund	Capital Projects Fund
REVENUES			
Taxes:			
Property Taxes	$ 22,018,068	$ 1,719,303	$ -
Other Taxes	6,885,514	-	-
Licenses & Permits	5,806	964,556	-
Intergovernmental Revenue & Grants	3,321,887	35,987	-
Fees of Office	3,680,508	-	-
Fines	120,451	654,759	-
Investment Earnings	1,741,029	54	93,252
Rents & Royalties	96,748	-	-
Contributions & Donations	12,708	-	-
Other Revenue	524,009	6,012	-
TOTAL REVENUES	38,406,728	3,380,671	93,252
EXPENDITURES			
Current:			
General Government	7,680,151	-	-
Administration of Justice	5,505,646	-	-
Public Safety	11,119,287	-	-
Corrections	5,574,187	-	-
Health & Human Services	1,332,756	-	-
Community & Economic Development	1,154,501	-	-
Infrastructure & Environmental	260,652	5,291,192	596,722
Debt Service:			
Principal	391,580	49,479	-
Interest	7,952	7,952	-
Fiscal Agent's Fees	-	-	149,517
Intergovernmental			
CenterPoint Waste Water Project	-	-	-
TOTAL EXPENDITURES	33,026,712	5,348,623	746,239
Excess (Deficiency) of Revenues Over (Under) Expenditures	$ 5,380,016	$ (1,967,952)	$ (652,987)

See accompanying notes to basic financial statements.

Debt Service Fund	Centerpoint Wastewater Fund	Public Defender's Office Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
$ 2,932,643	$ -	$ -	$ 216,395	$ 26,886,409
-	-	-	-	6,885,514
-	-	-	-	970,362
-	3,595,609	-	1,079,369	8,032,852
-	-	-	409,445	4,089,953
-	-	-	-	775,210
173	-	-	4,130	1,838,638
-	-	-	-	96,748
-	-	-	229,577	242,285
-	-	-	-	530,021
2,932,816	3,595,609	-	1,938,916	50,347,992
-	-	-	345,010	8,025,161
-	-	367,535	80,303	5,953,484
-	-	-	363,375	11,482,662
-	-	-	-	5,574,187
-	-	-	-	1,332,756
-	-	-	105,352	1,259,853
-	-	-	907,591	7,056,157
		-		
2,000,000	-		-	2,441,059
807,283	-	-	-	823,187
2,000	-	-	-	151,517
-	3,583,600	-	-	3,583,600
2,809,283	3,583,600	367,535	1,801,631	47,683,623
$ 123,533	$ 12,009	$ (367,535)	$ 137,285	$ 2,664,369

KERR COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	General Fund	Road and Bridge Fund	Capital Projects Fund
OTHER FINANCING SOURCES (USES)			
Issuance of Debt	$ -	$ -	$ 5,510,000
Premiums on Issuance of Debt	-	-	394,654
Sale of Real and Personal Property	-	362	-
Transfers In	-	2,249,400	300,000
Transfers Out	(2,568,099)	-	(64,745)
TOTAL OTHER FINANCING SOURCES (USES)	(2,568,099)	2,249,762	6,139,909
Net Change in Fund Balance	2,811,917	281,810	5,486,922
Fund Balances at Beginning of Year	19,362,239	955,523	898,887
Fund Balances at End of Year	$ 22,174,156	$ 1,237,333	$ 6,385,809

See accompanying notes to basic financial statements.

Debt Service Fund	Centerpoint Wastewater Fund	Public Defender's Office Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
$ -	$ -	$ -	$ -	$ 5,510,000
-	-	-	-	394,654
-	-	-	-	362
64,745	-	-	18,699	2,632,844
-	-	-	-	(2,632,844)
64,745	-	-	18,699	5,905,016
188,278	12,009	(367,535)	155,984	8,569,385
270,890	6,924,997	367,535	2,086,838	30,866,909
$ 459,168	$ 6,937,006	$ -	$ 2,242,822	$ 39,436,294

KERR COUNTY, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2023

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS		$ 8,569,385
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Current Year Additions	9,761,309	
Current Period Depreciation	(4,227,961)	5,533,348
The statement of activities reports gains arising from the disposal of capital assets as the difference between the proceeds from disposal and the net book value of the assets. The governmental funds report only the proceeds from disposal. This amount represents the net book value of capital assets disposed during the year.		(185,213)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		
Accrued District and County Court Fines Receivable	(28,581)	
Change in Equity of Joint Venture	326,129	
Change in Property Taxes Receivable Not Collected within 60 Days of Year End	15,923	313,471
The issuance of long-term-debt (e.g. bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.		
Proceeds from Issuance of Debt	(7,247,101)	
Bond and Notes Principal Payments and Right of Use Asset Payments	2,441,059	(4,806,042)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Compensated Absences	(751,018)	
Accrued Interest on Bond	(25,737)	
Amortization of Bond Premium	107,329	(669,426)
Governmental funds report required contributions to employee pensions as expenditures. However, in the Statement of Activities the cost of the pension is recorded based on the actuarially determined cost of the plan. This is the amount that the actuarially determined pension expense exceeded contributions.		(89,238)
Governmental funds report required contributions to OPEB as expenditures. However, in the Statement of Activities the cost of the OPEB is recorded based on the actuarially determined cost of the plan. This is the amount that the actuarially determined OPEB expense exceeded contributions.		(57,893)
CHANGE IN NET POSITION - GOVERNMENTAL ACTIVITIES		$ 8,608,392

See accompanying notes to basic financial statements.

KERR COUNTY, TEXAS
STATEMENT OF FIDUCIARY NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Custodial Funds
ASSETS	
Cash and Investments	$ 3,109,844
Due from Others	31,716
TOTAL ASSETS	3,141,560
LIABILITIES	
Accounts Payable	372,205
Accrued Wages	51,380
Due to Other Governmental Units	1,564,168
Other Liabilities	283,259
TOTAL LIABILITIES	2,271,012
NET POSITION	
Restricted for:	
Individuals, Organizations and other Governments	870,548
TOTAL NET POSITION	$ 870,548

See accompanying notes to basic financial statements.

KERR COUNTY, TEXAS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
SEPTEMBER 30, 2023

		Custodial Funds
ADDITIONS		
Ad valorem Tax Collections for Other Governments	$	68,430,632
Payments held in Escrow for Property Tax		424,244
Commissions for Commissary Sales for the Benefit of Inmates		93,312
Reimbursements from Inmates for Postage		3,866
Cash Bonds and Pending Judgments		461,199
Excess Tax payments		530,871
Property Seizures		172,757
Inmate Deposits		581,175
Collections for the State (Motor Veh & Sales Tax)		26,499,212
Interst Income		4,295
Voter Registration Reimbursements from State		6,043
Deposits held on Behalf of Probation Departments		378,455
HOT check payments and prosecutor fees		14,362
Unclaimed Property		1,405
TOTAL ADDITIONS		97,601,828
DEDUCTIONS		
Court Related Distributions		1,139,693
Crime Victims Services		365,100
Cash Bond Refunds and Final Judgements		660,777
Property Seizures Refunds and Forfeitures		144,506
Jail Commissary Purchases for Benefit of Inmates		39,019
Refunds to Inmates		570,876
Payouts to FBO's		31,697
Hot Check distributions		17,332
Excess Tax Payouts to Property Owners		531,163
Property Tax Distributions to Other Governments		67,418,723
Distributions on Behalf of the Probation Departments		279,991
Distributions to the State		26,431,759
Other Distributions		7,884
Interest Expense		10,715
TOTAL DEDUCTIONS		97,649,235
Net Decrease in Fiduciary Net Position		(47,407)
BEGINNING NET POSITION		917,955
ENDING NET POSITION	$	870,548

See accompanying notes to basic financial statements.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the County have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

The more significant of the County's accounting policies are described below:

1. REPORTING ENTITY

Primary Government

Kerr County (the County) is a public corporation and political subdivision of the State of Texas. The Commissioners' Court, which is made up of four commissioners and the County Judge, is the general governing body of the County in accordance with Article 5, Paragraph 18 of the Texas Constitution. The County provides the following services as authorized by the statutes of the State of Texas: general government (e.g. administration, judicial & legal, elections administration, and financial administration), public safety (fire protection, law enforcement and corrections), infrastructure (highways and streets), social services and conservation.

In evaluating how to define the government, for financial purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GASB Statement 14, "The Financial Reporting Entity". The definition of the reporting entity is based primarily on the concept of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government.

Included in the Governmental Wide Statements for the Reporting Entity:

Kerrville-Kerr County Joint Airport Board. The City of Kerrville and Kerr County operate a municipal airport under a joint venture agreement. In 2008 the Kerrville-Kerr County Airport Board was reconstituted according to Attorney General Opinion GA-0621. The Board controls the policy making decisions and operations of the airport. All costs associated with the Airport after applicable charges and grants were funded equally by the City of Kerrville and Kerr County. The City and County own the land, buildings and improvement at the Kerrville-Kerr County Airport. The Board collects lease rental payments from 32 T-Hanger units (including storage units within the T-Hangers), from four tenants of the Brinkman Hanger, and from four offices leased in the Terminal Building. In addition to these building rentals, various land leases exist for hangers and buildings owned by other parties and for parking spaces in a secure parking lot. The Board also leases the back side of the Airport sign along the entrance into the airport. Lastly, the Board collects fuel flowage fees from the fixed base operator and various rental car surcharge fees. The Airport is governed by a Board of Directors, appointed by the City of Kerrville and Kerr County. The annual budget is submitted for approval to both the Kerrville City Council and Kerr County. Participants provide financial support and are entitled to 50% interest in net position. The County reports its interest as "Equity in Joint Venture".

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1. REPORTING ENTITY (Continued)

The Airport is intended to be self-supporting, however, the City and County are liable for operating losses. The Kerrville-Kerr County Joint Airport Board audit is available from the Kerr County Auditor's Office.

The **government-wide financial statements** include the statement of net assets and the statement of activities. Government-wide statements report information on all of the activities of the County (except for County fiduciary activity). The effect of interfund transfers has been removed from the government-wide statements but continues to be reflected on the fund statements. Governmental activities are supported mainly by taxes and charges for services.

2. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The statement of activities reflects the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included in program revenues are reported as general revenues.

Separate **fund financial statements** are provided for governmental funds and fiduciary funds even though the latter are excluded from the government-wide financial statements. The General Fund, Road and Bridge (Special Revenue) Fund, Capital Projects Fund, Public Defender's Office Grant Fund and Centerpoint Wastewater Fund meet the criteria as ***major governmental funds***. Each major fund is reported in separate columns in the fund financial statements. Nonmajor funds include other Special Revenue and other Capital Projects funds. The combined amounts for these funds are reflected in a single column in the fund Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances. Detailed statements for nonmajor funds are presented within Combining Fund Statements and Schedules.

3. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The **government-wide financial statements** are reported using the economic resources measurement focus and the accrual basis of accounting. This measurement focus is also used for the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Major revenue types, which have been accrued, are revenue from the investments, intergovernmental revenue and charges for services. Grants are recognized as revenue when all applicable eligibility requirements imposed by the provider are met.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (Continued.)

Governmental fund level financial statements are reported using current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Measurable and available revenues include revenues expected to be received within 60 days after the fiscal year ends. Receivables which are measurable but not collectible within 60 days after the end of the fiscal period are reported as deferred revenue. However, sales tax is considered collectible for only 30 days.

Expenditures generally are recorded when a fund liability is incurred; however, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when the liability has matured and payment is due.

The government reports the following major governmental funds:

The General Fund is the general operating fund of the County and is always classified as a major fund. The General Fund is used to account for all financial resources except those required to be accounted for in another fund. Major revenue sources include property taxes, charges for services, intergovernmental revenues and investment of idle funds. Primary expenditures are for general administration, public safety, social services, and capital acquisition.

Road and Bridge Fund accounts for taxes assessed, along with fines and forfeitures associated with the support of the development and maintenance of County highways, streets and bridges.

Capital Projects Fund accounts for money transferred from the general fund and the bond proceeds to account for Exhibit Hall Improvements, Airport, Animal Control Shelter and IT Projects.

Debt Service Fund accounts for taxes assessed, collected and pay for the debt.

Centerpoint Wastewater Fund accounts for federal and state grants and county match of grant funds for the construction activity of the Centerpoint Wastewater Project.

Public Defender Office Fund accounts for the Hill Country Regional Public Defender’s Office (HCRPDO) department that is comprised of Bandera, Gillespie, Kendall, Kerr and Medina Counties.

Nonmajor funds include special revenue and capital projects funds.

Fiduciary fund level financial statements are used to account resources held for others. The County’s custodial funds holds property taxes for other governments, motor vehicle fees for the state and various other settlements.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4. CASH AND INVESTMENTS

Cash and investments include amounts in demand deposits, certificates of deposit, and deposits in local government investment pools.

State statutes authorize the government to invest in obligations of the U.S. Government, federal agency and instrumentality obligations, brokered certificates of deposit with County funds, and collateralized CDARS. Investments are stated at fair market value, except for deposits in local government investment pools and participating interest-earning investment contracts (U.S. Treasuries) that have a remaining maturity at time of purchase of one year or less. US Treasury investments are stated at amortized cost and local government pools are stated at net asset value.

The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

5. ACCOUNTS RECEIVABLE

Property taxes are levied based on taxable value at January 1 and become due October 1st and past due after January 31st. Accordingly, receivables and revenues for property taxes are reflected on the government-wide statement based on the full accrual method of accounting. Property tax receivables for prior year’s levy are shown net of an allowance for uncollectible.

Accounts receivable from other governments include amounts due from grantors for approved grants for specific programs and reimbursements for services performed by the County. Program grants are recorded as receivables and revenues at the time all eligibility requirements established by the provider have been met.

Reimbursements for services performed are recorded as receivables and revenues when they are earned in the government-wide statements. Included are fines and costs assessed by the court action and billable services for certain contracts. Revenues received in advance of the costs being incurred are recorded as deferred inflows of resources in the fund statements. Receivables are shown net of an allowance for uncollectibles.

6. SHORT-TERM INTERFUND RECEIVABLES/PAYABLES

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as “due from other funds” or “due to other funds” on the fund statements.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

7. INVENTORIES AND PREPAID ITEMS

Inventories of consumable supplies are valued at cost, which approximates market, using the first in/first out (FIFO) method. The costs of governmental fund type inventories are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements and in the fund financial statements are offset by a reservation of fund balance which indicates they do not represent “available spendable resources”.

8. CAPITAL ASSETS

Capital assets, which include land, buildings and improvements, equipment, and infrastructure assets, are reported in the government-wide financial statements. Capital assets, such as equipment, are defined as assets with a cost of $5,000 or more. Infrastructure assets include County-owned streets, sidewalks, curbs and bridges. Capital assets are recorded at historical costs if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The Costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Interest has not been capitalized during the construction period on property, plant and equipment.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

ASSETS	YEARS
Buildings and improvements	20 to 40 years
Improvements	10 to 50 years
Infrastructure	20 to 40 years
Machinery and equipment	5 to 15 years

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

9. DEFERRED INFLOWS/OUTFLOWS

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources,* represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County has the following items that qualify for reporting in this category: deferred pension related costs and deferred OPEB related costs which will be included in the subsequent actuarial valuation.

Deferred inflows of resources represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resource (revenue) until that time. The County has deferred pension in OPEB related revenues which will be included in subsequent actuarial valuation. Unavailable revenue is reported only in the governmental funds balance sheet under a modified accrual basis of accounting. Unavailable revenues from property tax and court fines is deferred and recognized as an inflow of resource in the period the amounts become available.

10. COMPENSATED ABSENCES

The County permits employees to accumulate earned but unused paid time off (PTO) benefits. When an employee leaves the service of the county, he or she will be paid for all accrued but unused PTO up to 160 hours. The rate of pay will be determined by the salary rate in effect at the time of separation. Unused sick leave may be accumulated to certain limits; however, no reimbursement is made for accumulated sick leave. No liability is reported for unpaid accumulated sick leave.

Liabilities for compensated absences are recognized in the fund statements to the extent the liabilities have matured (i.e. are due for payment). Compensated absences are accrued in the government-wide statements.

11. UNEARNED REVENUE

Unearned revenues arise when assets are recognized before revenue recognition criteria have been satisfied. Grant and reimbursement revenues received in advance of expenses/expenditures are reflected as unearned revenue.

12. INTERFUND TRANSFERS

Permanent reallocation of resources between funds of the reporting entity is classified as interfund transfers. For the purposes of the Statement of Activities, all interfund transfers between individual governmental funds have been eliminated.

13. LONG-TERM OBLIGATIONS

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities under governmental activities. On new bond issues, bond premiums and discounts, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed as incurred.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

13. LONG-TERM OBLIGATIONS (Continued)

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

14. PENSIONS

The net pension liability, deferred outflows related to pensions, and pension expense, information about the fiduciary net position of the Texas County and District Retirement System (TCDRS), and additions to and deductions from TCDRS' fiduciary net position have been determined on the same basis as they are reported by TCDRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

15. OTHER POST EMPLOYMENT BENEFIT (OPEB)

The Total Other Post Employment Benefit (OPEB), deferred OEB related inflows and outflows, insurance expense and information on the Retiree Health Insurance fiduciary net position, and additions and deductions have been determined on assumptions in Note L. For this purpose, insurance payments and refunds are recognized when due and payable according to the actuarial study.

16. FUND EQUITY

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources. The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form – pre-paid items or inventories; or (b) legally or contractually required to be maintained intact.

The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned, and unassigned.

Restricted fund balance. This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance. These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions of the Commissioners' Court – the government's highest level of decision making authority. The Commissioners' Court is the highest level of decision-making authority for the County that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (by adoption of another resolution) to remove or revise the limitation.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

16. FUND EQUITY (Continued)

Assigned fund balance. This classification reflects the amounts constrained by the County's "intent" to be used for specific purposes, but are neither restricted nor committed. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed. Assigned fund balances are established by the County commissioners through adoption or amendment of the budget as intended for specific purpose (such as the purchase of property and equipment, construction, debt service or other purposes.

Unassigned fund balance. This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

When both restricted and unrestricted resources are available for use, it is the County's policy to use externally restricted resources first, then unrestricted resources – committed, assigned, and unassigned – in order as needed.

17. NET POSITION

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net positions are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

18. USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

19. COMPARATIVE DATA/RECLASSIFICATIONS

Comparative data for the prior year has been provided for the General Fund and Road and Bridge Fund in the fund financial statements in order to provide an understanding of the changes in the financial position and operation of these funds.

Certain reclassifications have been made to the 2022 financial statements to conform to the 2023 financial statement presentation. The reclassifications had no effect on the changes in financial position.

NOTE B - DEPOSITS AND INVESTMENTS

The County's funds are required to be deposited and invested under the terms of a depository contract. The depository bank deposits for safekeeping and trust with the County's agent bank approved pledge securities in an amount sufficient to protect County funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance.

State statutes authorize the County to invest in (a) obligations of the United States or its agencies and instrumentalities; (b) direct obligations of the State of Texas or its agencies; (c) other obligations, the principal and interest of which are unconditionally guaranteed or insured by the State of Texas or the United States; (d) obligations of states, agencies, counties, cities, and other political subdivisions of any state having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than A or its equivalent; (e) certificates of deposit by state and national banks domiciled in this state that are (i) guaranteed or insured by the Federal Deposit Insurance Corporation, or its successor; or, (ii) secured by obligations that are described by (a) - (d).

Statutes also allow investing in local government investment pools organized and rated in accordance with the Interlocal Cooperation Act, whose assets consist exclusively of the obligations of the United States or its agencies and instrumentalities and repurchase assessments involving those same obligations. Investments in local government investment pools are reported at share price, which approximates fair value. All investments are valued using prices quoted in active markets for those securities (Level 1). The County investments are as follows:

	Net Asset Value	Days to Maturity
Investment Pool - Taxas Class	$ 15,599,835	1
Investment Pool - TexPool	16,224,769	1
Money Market Accounts	298,247	1
Certificates of Deposit	3,629,301	163
Brokered Certificates of Deposit	2,477,000	155
Certificates of Deposit Account Registry Service	1,969,770	88
Treasury Notes	1,487,578	577
FNMA Strips	505,383	502
Total	$ 42,191,883	54

NOTE B - DEPOSITS AND INVESTMENTS (Continued)

Investment Rate Risk. The County manages investment rate risk by limiting the weighted average maturity of its investments to less than two years.

Credit Risk. The County's investment policy limits investments to obligations of the United States or its instrumentalities; direct obligation of the State of Texas, the principle and interest that are unconditionally guaranteed or insured by this state or state rated as to investment quality of not less than AAA by a nationally recognized investment rating firm.

The County may also invest its funds in state law authorized government investment pools provided the pool maintains an AAA rating, the pool maintains a stable asset value, and the average dollar weighted maturity does not exceed 90 days, and Commissioners' Court must approve of the investment. As of September 30, 2023, the investment in TexPool, Texas Class was rated AAAm.

The County may also invest in certificates of deposit or share certificates issued by a depository institution which has its main office or a branch office in this state and is guaranteed or insured by FDIC or the NCUSIC, or is secured by collateral or other method provided for by state law.

Custodial Credit Risk - Deposits. In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it.

Custodial Credit Risk - Investment. For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of September 30, 2023, the County's investments were held in government investment pools.

As of September 30, 2023, the government's deposits were fully collateralized as per the County investment policy.

NOTE C - RECEIVABLES

Receivables as of year-end for the government's individual major and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General	Road and Bridge	Centerpoint Wastewater Fund	Debt Service Funds	Other Governmental Funds
Receivables:					
Property Taxes	$ 1,079,275	$ 86,495	$ -	$ 123,911	$ 10,607
Court Fines and Receivables, net	1,578,522	-	-	-	-
Other Receivables	826,631	-	-	-	3,795
Intergovernmental	13,318	-	1,138,102	-	-
Due from Officials	44,883	30,334	-	-	19,536
Total Receivables	3,542,629	116,829	1,138,102	123,911	33,938
Less: Allowance for Uncollectibles	(21,586)	(1,730)	-	(2,479)	(212)
Net Total Receivables	$ 3,521,043	$ 115,099	$ 1,138,102	$ 121,432	$ 33,726

NOTE D - UNAVAILABLE REVENUE/UNEARNED REVENUE

Unearned revenue primarily represents unspent funds from the Texas Water Development Board for the Centerpoint Wastewater Projectand unspent ARPA funds. Governmental funds report unavailable revenue in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current year, unavailable revenue reported in the governmental funds was as follows:

	General	Road and Bridge	Debt Service Funds	Other Governmental Funds
Delinquent Property Taxes Receivable	$ 1,057,689	$ 84,765	$ 121,434	$ 10,395
Court Fines and Fees Receivable	1,578,522	-	-	-
	$ 2,636,211	$ 84,765	$ 121,434	$ 10,395

NOTE E - COURT FINES AND FEES RECEIVABLE

The county has determined the amount of court fines and fees receivable at September 30, 2023 to be $7,127,764 which represents amounts owed and outstanding for the last 5 years. Based on historical collection rates for the various courts, the County has booked an allowance for uncollectible court fines and fees of $5,549,242 resulting in a net receivable of $1,578,522.

NOTE F - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund transfers at September 30, 2023 consisted of the following:

Transfer Out	Transfer In	Transfers	Purpose
General Fund	Road and Bridge Fund	$ 2,249,400	Budgeted transfer for road repairs
Capital Projects Fund	Debt Service	64,745	Pay debt with unspent funds
General Fund	Nonmajor	18,699	Matching funds for grants
General Fund	Capital Projects Fund	300,000	Budgeted transfer for Projects
	Total	$ 2,632,844	

Interfund Receivables and Payables at September 30, 2023 consisted of the following:

Due From	Due To	Amount	Purpose
Non Major Fund	General Fund	$ 6,000	Current Year Cash Reimbursements
Centerpoint Wastewater Fund	General Fund	114,305	Current Year Cash Reimbursements
General Fund	Road and Bridge	4,050	Current Year Cash Reimbursements
General Fund	Non Major Fund	9,928	Current Year Cash Reimbursements
ARPA (General Fund)	General Fund	206,970	
	Total	$ 341,253	

NOTE G - PROPERTY TAX CALENDAR

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on October 1 and are payable in full by the following January 31. The County bills and collects its own property taxes and also the taxes for several other taxing agencies. The County acts only as an intermediary in the collection and distribution of property taxes to other entities. Tax collections deposited for the County are distributed as collected to the General, Road and Bridge and Debt Service Funds of the County. The distribution is based upon the tax rate established for each fund by Commissioners' Court for the tax year for which the collections are made. The County is authorized by the tax laws for the State of Texas to levy taxes up to .80 per $100 of the assessed valuation for general government invoices and the payment of principal and interest on certain permanent improvement long-term debt. Taxes may be levied in unlimited amounts for the payment of principal and interest on road bond long-term debt issued under article 3, Section 52 of the Texas Constitution. Net taxes receivable at the end of the fiscal year are treated as deferred outflows of resources.

The combined tax rate assessed on the 2022 tax roll (Kerr County and Lateral Road) to finance operations and debt service for the fiscal year ended September 30, 2023, was $.4051 per $100 assessed valuation. The total tax levy for the fiscal year 2023 was $26.9 million of which $1.3 million remained outstanding in delinquent taxes and $457 thousand was current delinquent as of September 30, 2023.

NOTE H - CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2023, was as follows:

Governmental Activities	Balance 10/1/22	Additions/ Transfers	Disposals/ Transfers	Balance 9/30/23
Capital Assets Not Depreciated:				
Construction in Progress	$ -	$ 1,285,782	$ -	$ 1,285,782
Construction in Progress - Centerpoint	14,362,636	4,715,133	(383,318)	18,694,451
Land	5,443,158	27,000	-	5,470,158
Total Capital Assets Not Depreciated	19,805,794	6,027,915	(383,318)	25,450,391
Capital Assets Being Depreciated:				
Infrastructure	67,908,933	-	-	67,908,933
Buildings and Improvements	39,080,276	37,200	-	39,117,476
Equipment, Machinery and Furniture	16,005,182	2,353,747	(909,086)	17,449,843
Total Capital Assets Depreciated	122,994,391	2,390,947	(909,086)	124,476,252
Totals at Historical Cost	142,800,185	8,418,862	(1,292,404)	149,926,643
Less Accumulated Depreciation:				
Infrastructure	(20,759,850)	(1,763,219)	-	(22,523,069)
Buildings and Improvements	(15,575,329)	(1,289,753)	-	(16,865,082)
Equipment	(13,186,946)	(793,723)	1,107,191	(12,873,478)
Total Accumulated Depreciation	(49,522,125)	(3,846,695)	1,107,191	(52,261,629)
Governmental Capital Assets, Net	$ 93,278,060	$ 4,572,167	$ (185,213)	$ 97,665,014

NOTE H - CAPITAL ASSETS (Continued)

Depreciation was charged to the governmental functions as follows:

General Government	$	187,604
Public Safety		555,852
Administration of Justice		82,547
Community & Economic Development		62,694
Health and Social Services		32,630
Corrections		896,194
Infrastructure & Environmental Services		2,029,174
Total Depreciation Expense - Governmental Activities	$	3,846,695

NOTE I - RIGHT TO USE LEASE ACTIVITY

Right of Use Lease Assets	Balance 10/1/22	Additions/ Transfers	Disposals/ Transfers	Balance 9/30/23
Leased Vehicles	$ 608,042	$ 1,342,447	$ -	$ 1,950,489
Accumulated Amortization	(124,550)	(381,266)	-	(505,816)
Right of Use Lease Assets, Net	$ 483,492	$ 961,181	$ -	$ 1,444,673

This is recorded in the general fund.

NOTE J - LONG-TERM DEBT

The County had the following changes in long-term debt outstanding for the year ended September 30, 2023:

	Balance Outstanding 10/1/22	Added During Year	Retired During Year	**Balance Outstanding 9/30/23**	Due Within One Year
Governmental Activities:					
Limited Tax Notes, Taxable Series 2015	$ 11,580,000	$ -	$ (685,000)	**$ 10,895,000**	$ 710,000
Premium	818,403	-	(64,188)	**754,215**	64,188
Limited Tax Refunding Bonds, Taxable Series 2020	4,070,000	-	(490,000)	**3,580,000**	505,000
Premium	415,497	-	(44,919)	**370,578**	44,919
Limited Tax Note, Taxable Series 2023	-	5,510,000	-	**5,510,000**	125,000
Premium	-	394,654	(4,933)	**389,721**	19,733
Subtotal	$ 16,883,900	$ 5,904,654	$ (1,289,040)	**$ 21,499,514**	$ 1,468,840

NOTE J - LONG-TERM DEBT (Continued)

	Balance Outstanding 10/1/22	Added During Year	Retired During Year	**Balance Outstanding 9/30/23**	Due Within One Year
Direct Borrowing and Placements:					
Certificate of Obligation TWDB, Series 2016A & B	$ 4,590,000	$ -	$ (230,000)	**$ 4,360,000**	$ 230,000
Discount	(73,095)	-	3,847	**(69,248)**	(3,847)
Certificate of Obligation TWDB, Series 2018	4,210,000	-	(130,000)	**4,080,000**	135,000
Discount	(69,818)	-	2,864	**(66,954)**	(2,864)
Certificate of Obligation TWDB, Series 2019	1,990,000	-	(105,000)	**1,885,000**	105,000
Limited Tax Notes, Taxable Series 2021	2,190,000	-	(360,000)	**1,830,000**	360,000
Subtotal Direct Borrowings and Placements	12,837,087	-	(818,289)	**12,018,798**	823,289
Notes Payable	187,109	-	(59,793)	**127,316**	62,334
Lease Liabilities	483,492	1,342,447	(381,266)	**1,444,673**	497,224
Subtotal	30,391,588	7,247,101	(2,548,388)	**35,090,301**	2,851,687
Compensated Absences	998,422	1,036,017	(284,999)	**1,749,440**	268,760
Total Governmental Activities	$ 31,390,010	$ 8,283,118	$ (2,833,387)	**$ 36,839,741**	$ 3,120,447

In June, 2023, the County issued in principal amount of $5,510,000 of Texas Tax Note, Series 2023, with an average interest rate of 4.6% maturing in 2043. The proceeds will be used to designing, acquiring, constructing, improving, purchasing, upgrading, updating, and equipping a new animal control shelter.

NOTE J - LONG-TERM DEBT (Continued)

The annual requirements for principal and interest on the outstanding certificates obligation and tax notes are as follows broken down between debt with and without private borrowings or placement:

With Direct Borrowings and Placement Debt

Year Ending September 30,	Principal	Interest	Annual Requirements
2024	$ 830,000	$ 181,739	$ 1,011,739
2025	840,000	175,353	1,015,353
2026	845,000	168,322	1,013,322
2027	855,000	160,332	1,015,332
2028	860,000	151,345	1,011,345
2029-2033	2,555,000	641,650	3,196,650
2034-2038	2,800,000	407,927	3,207,927
2039-2043	1,720,000	181,779	1,901,779
2044-2048	850,000	44,358	894,358
	$ 12,155,000	$ 2,112,805	$ 14,267,805

With No Direct Borrowings and Placement Debt

Year Ending September 30,	Principal	Interest	Annual Requirements
2024	$ 1,340,000	$ 868,102	$ 2,208,102
2025	1,440,000	768,731	2,208,731
2026	1,500,000	709,481	2,209,481
2027	1,550,000	651,628	2,201,628
2028	1,605,000	598,763	2,203,763
2029-2033	6,880,000	2,083,125	8,963,125
2034-2038	3,795,000	616,725	4,411,725
2039-2043	1,875,000	231,000	2,106,000
	$ 19,985,000	$ 6,527,555	$ 26,512,555

Total Combined Debt

Year Ending September 30,	Principal	Interest	Annual Requirements
2024	$ 2,170,000	$ 1,049,841	$ 3,219,841
2025	2,280,000	944,084	3,224,084
2026	2,345,000	877,803	3,222,803
2027	2,405,000	811,960	3,216,960
2028	2,465,000	750,108	3,215,108
2029-2033	9,435,000	2,724,775	12,159,775
2034-2038	6,595,000	1,024,652	7,619,652
2039-2043	3,595,000	412,779	4,007,779
2044-2048	850,000	44,358	894,358
	$ 32,140,000	$ 8,640,360	$ 40,780,360

NOTE J - LONG-TERM DEBT (Continued)

The annual requirements for principal and interest on the outstanding certificates obligation and tax notes are as follow:

Certificates of Obligation and Notes Payable	Balance at 9/30/23	Due Within One Year
Limited Tax Bonds, Series 2015		
Original Issue amount of $13,925,000, interest rate varies between 3.125%-5.00%,		
With final maturity date of February 15, 2035.	$ 10,895,000	$ 710,000
Texas Water Development Board C.O., Series 2016A & B*		
Original Issue amount of $5,295,000, interest rate varies between 0.00%-1.00%,		
With final maturity date of February 15, 2041.	4,360,000	230,000
Texas Water Development Board C.O., Series 2018*		
Original Issue amount of $2,105,000, interest rate varies between 1.09%-2.58%,		
With final maturity date of February 15, 2047.	4,080,000	135,000
Texas Water Development Board C.O., Series 2019*		
Original Issue amount of $2,105,000, interest rate varies between 1.78%-3.46%,		
With final maturity date of February 15, 2038.	1,885,000	105,000
Limited Tax Refunding Bonds, Series 2020		
Original Issue amount of $4,635,000, interest rate varies between 3.00%-3.91%,	3,580,000	505,000
With final maturity date of February 15, 2032.		
Tax Notes, Series 2021*		
Original issue amount of $2,545,000, interest rate varies between 2.00-4.00%,	1,830,000	360,000
With final maturity date of February 15, 2028		
Limited Tax Refunding Bonds, Series 2023		
Original Issue amount of $5,510,000, interest rate varies between 4.00-5.00%,	5,510,000	125,000
With final maturity date of February 15, 2043.		
TOTAL CERTIFICATES OF OBLIGATION AND NOTES PAYABLE	$ 32,140,000	$ 2,170,000

* Indicates Direct Borrowing or Direct Placement

The Texas Water Development Board requires the county to establish and maintain an Interest & Sinking fund as well as a Reserve Fund for the direct placement loans. As of September 30, 2023 the balances were as follows:

Texas Water Development Board Reserves

	Cash Balance	Reserve Balance
Texas Water Development Board C.O., Series 2016A & B	$ 117,486	$ 117,486
Texas Water Development Board C.O., Series 2018	8,675	8,675
Texas Water Development Board C.O., Series 2019	11,066	4,085

NOTE J - LONG-TERM DEBT (Continued)

The annual requirements for principal and interest on the outstanding notes payable are as follows:

Notes Payable	Balance at 9/30/23	Due Within One Year
Government Capital Corporation:		
Financing for equipment for Elections dated October 15, 2018, principal and interest of $67,745 paid yearly, interest rate of 4.25%, final maturity date October 15, 2024	$ 127,316	$ 62,334
Total Notes Payable	$ 127,316	$ 62,334

The County entered into new lease agreements for 28 vehicles. The lease agreements qualify as other than short-term leases under GASB 87 and, therefore, have been recorded at the present value of the future minimum lease payments. The agreements range in interest rates from 3.96%-7.78%. The lease liability was measured at a discount of 3-5.5%. As a result of the lease, the County has recorded right to use assets (vehicles) with a net book value of $1,444,673.

Future minimum lease payments under the leases along with the present value of the minimum lease payments as of September 30, 2023:

Leases Year Ending September 30,	Principal	Interest	Annual Requirements
2024	$ 497,224	$ 85,140	$ 582,364
2025	421,955	53,643	475,598
2026	316,181	25,059	341,240
2027	149,514	9,015	158,529
2028	59,799	1,244	61,043
	$ 1,444,673	$ 174,101	$ 1,618,774

NOTE K - EMPLOYEES' RETIREMENT SYSTEM

Texas County and District Retirement System

Plan Description

The County participates as one of over 830 plans in the nontraditional, defined benefit pension plan in the statewide Texas County and District Retirement System (TCDRS). TCDRS is an agency created by the state of Texas and administered in accordance with the TCDRS Act as an agent multiple-employer retirement system for County and District employees in the State of Texas. The Board of Trustees of TCDRS is responsible for the administration and management of the system. TCDRS in the aggregate issues a annual comprehensive financial report (ACFR) on a calendar year basis. The ACFR is available upon written request from the TCDRS Board of Trustees at PO Box 2034, Austin, Texas 78768-2034.

NOTE K - EMPLOYEES' RETIREMENT SYSTEM (Continued)

Texas County and District Retirement System (Continued)

Plan Description (Continued)

The plan provisions are adopted by the governing body of the County, within the options available in the state statutes governing TCDRS. Members can retire at age 60 and above with 8 or more years of service or with 30 years regardless of age or when the sum of their age and years of service equals 75 or more. A member is vested after 8 years but must leave his accumulated contributions in the plan. Members who withdraw their personal contributions in a partial lump sum are entitled to any amounts contributed by the employer.

Benefit amounts are determined by the sum of the employee's contributions to the plan, with interest, and employer-financed monetary credits. The level of these monetary credits is adopted by the governing body of the District within the actuarial constraints imposed by the TCDRS Act so the resulting benefits can be expected to be adequately financed by the employer's commitment to contribute.

At retirement, death or disability, the benefit is calculated by converting the sum of the employee's accumulated contributions and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act.

Contributions

The County has elected the annually determined contribution rate plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the District is actuarially determined annually. The District contributed using the actuarially determined rate of 14.72% for the months of the accounting year 2022, and 14.72% for the months of the accounting year in 2023.

The contribution rate payable by the employee members for 2022 and 2023 is the rate of 7% as adopted by the governing body of the District. The employee deposit rate and the employer contribution rate may be changed by the governing body of the employer within the options available in the TCDRS Act.

Benefits Provided

TCDRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the District, within the options available in the state statutes governing TCDRS.

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the District-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payment options. Members may choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

NOTE K - EMPLOYEES' RETIREMENT SYSTEM (Continued)

Texas County and District Retirement System (Continued)

Benefits Provided (Continued)

At the December 31, 2022 valuation and measurement date, the following employees were covered by the benefit terms:

	12/31/2022	12/31/2021
Inactive Employees Receiving Benefits	225	218
Inactive Employees	303	241
Active Employees	308	338
	836	797

Net Pension Liability (Asset)

The District's Net Pension Liability (NPL) was measured as of December 31, 2022, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The Total Pension Liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50%
Overall Payroll Growth	4.70%

Depositing Members	135% of Pub-2010 General Employees Amount-Weighted Mortality Table for males and 120% Pub-2010 General Employees Amount-Weighted Mortality Table for females, both projected with 100% of the
Service Retirees, Beneficiaries and Non-Depositing Members	135% of Pub-2010 General Retirees Amount-Weighted Mortality Table for males and 120% Pub-2010 General Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Disable Retirees	160% of Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table for male and 125% Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.

Assumptions are reviewed annually. No additional changes were made for the 2022 valuation. Updated mortality assumptions were adopted in 2016. All other actuarial assumptions that determined the total pension liability as of December 31, 2022 were based on the results of an actuarial experience study for the period January 1, 2013 – December 31, 2016, except where required to be different by GASB 68.

NOTE K - EMPLOYEES' RETIREMENT SYSTEM (Continued)

Texas County and District Retirement System (Continued)

Actuarial Assumptions (Continued)

The long-term expected rate of return on pension plan investments is 7.60%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TCDRS Board of Trustees. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TCDRS.

The long-term expected rate of return on TCDRS assets is determined by adding expected inflation to expected long-term real returns, and reflecting expected volatility and correlation. The capital market assumptions and information shown below are provided by TCDRS' investment consultant, Cliffwater LLC. The numbers shown are based on January 2023 information for a 10 year time horizon.

Note that the valuation assumption for long-term expected return is re-assessed at a minimum of every four years, and is set based on a long term time horizon; the most recent analysis was performed in March 2021. See Milliman's TCDRS Investigation of Experience report for the period January 1, 2013 – December 31, 2016 for more details.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Expected Real Rate of Return (Geometric)
US Equities	11.50%	4.95%
Global Equities	2.50%	4.95%
International Equities - Developed	5.00%	4.95%
International Equities - Emerging	6.00%	4.95%
Investment-Grade Bonds	3.00%	2.40%
Strategic Credit	9.00%	3.39%
Direct Lending	16.00%	6.95%
Distressed Debt	4.00%	7.60%
REIT Equities	2.00%	4.15%
Master Limited Partnerships (MLPs)	2.00%	5.30%
Private Real Estate Partnerships	6.00%	5.70%
Private Equity	25.00%	7.95%
Hedge Funds	6.00%	2.90%
Cash Equivalents	2.00%	0.20%
	100.00%	

NOTE K - EMPLOYEES' RETIREMENT SYSTEM (Continued)

Texas County and District Retirement System (Continued)

Discount Rate

The discount rate used to measure the Total Pension Liability was 7.6%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Discount Rate Sensitivity Analysis

The following presents the net pension liability of the County, calculated using the discount rate of 7.60%, as well as what the County's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.60%) or 1-percentage point higher (8.60%) than the current rate:

	Discount Rate 6.60%	Discount Rate 7.60%	Discount Rate 8.60%
Net Pension Liability	$ 20,127,008	$ 7,576,090	$ (2,919,479)

Changes in Net Pension Liability

The below schedule presents the changes in the Net Pension Liability as of December 31, 2022:

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balance at December 31, 2021	$ 89,347,136	$ 92,419,933	$ (3,072,797)
Changes for the year:			
Service Cost	2,714,677	-	2,714,677
Interest on total pension liability	6,837,459	-	6,837,459
Change of Benefit Terms	-	-	-
Economic/Demographic gains or losses	(291,456)	-	(291,456)
Changes of Assumptions	-	-	-
Refund of Contributions	(210,873)	(210,873)	-
Benefit Payments	(4,057,787)	(4,057,787)	-
Administrative Expense	-	(50,845)	50,845
Member Contributions	-	1,294,662	(1,294,662)
Net Investment Income	-	(5,396,350)	5,396,350
Employer Contributions	-	2,722,501	(2,722,501)
Other	-	41,825	(41,825)
Net Changes	4,992,020	(5,656,867)	10,648,887
Balance at December 31, 2022	$ 94,339,156	$ 86,763,066	$ 7,576,090

NOTE K - EMPLOYEES' RETIREMENT SYSTEM (Continued)

Texas County and District Retirement System (Continued)

Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issues TCDRS financial report. That report may be obtained at www.tcdrs.com.

For the year ended September 30, 2023, the County recognized pension expense of $2,689,585. Also as of September 30, 2023, the County reported deferred outflows of resources and deferred inflows of resources related to pensions form the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Economic Experience	$ 119,195	$ -
Changes in Actuarial Assumptions	1,140,391	-
Net difference between projected and Actual Earnings	1,758,577	-
Contributions Subsequent to the Measurement Date	2,051,878	-
	$ 5,070,041	$ -

Deferred outflows of resources in the amount of $2,051,878 is related to pensions resulting from contributions subsequent to the measurement date, and will be recognized as a reduction of the net pension liability for the plan year ending December 31, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

For the Year ended December 31,	
2023	$ 268,200
2024	42,200
2025	225,653
2026	2,482,110
	$ 3,018,163

NOTE L - GROUP TERM LIFE FUND

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death); this insurance is for active employees who are making deposits into the TCDRS system or have made the last deposit within the past two years.

The County's contributions to the TCDRS GTLF for the years ended September 2023, 2022, and 2021 were $25,919; $34,483; and $28,865, respectively, which equaled the required contributions each year.

NOTE M - OTHER POST-EMPLOYMENT BENEFITS

Kerr County Retiree Health Other Post-Employment Benefit Plan

In addition to the TCDRS OPEB, The County administers a single-employer defined benefit healthcare plan for retirees, established under legal authority of the County Charter. The County is the only employer participating in the Plan. The Plan does not issue a publicly available financial report.

The County provides post-employment benefits for eligible participants enrolled in County-sponsored plans. The benefits are provided in the form of monthly premiums for the non-Medicare health plan beginning at a rate of $391; and the Medicare health plan beginning at a rate of $282; and of an implicit rate subsidy which is an explicit benefit payment multiplied by an expected implicit factor of 0.445. While the Plan offers retiree only rates, an implicit liability still exists. Membership in the plan as of December 31, 2022, the measurement date, consisted of:

	2022	2021
Inactive Employees or Beneficiaries Currently Receiving Benefits	13	24
Inactive Employees Entitled but Not Yet Receiving Benefits	0	0
Active Employees	297	276
	310	300

Current active employees must be eligible for service retirement under the Texas County and District Retirement System. To attain this eligibility active employees must be at least age 60 with 8 years of continuous service with the County or have at least 25 years of continuous service with the County when age and years of service equals 75. When a regular, full-time employee retires, they are eligible to maintain their coverage in the County's group health coverage. The liability for the County is due to the monthly rates and implicit rate.

NOTE M - OTHER POST-EMPLOYMENT BENEFITS (Continued)

Kerr County Retiree Health Other Post-Employment Benefit Plan (Continued)

Methods and Assumptions Used to Determine Contribution Rates:

Valuation Date:	December 31, 2022
Methods and Assumptions Used to Determine Contribution Rates:	
Actuarial Cost Method	Individual Entry-Age Normal
Discount Rate	4.05% as of December 31, 2022
Inflation	2.50%
Salary Increases	0.40% to 5.25%, not including wage inflation of 3.00%
Demographic Assumption	Based on the experience study covering the four year period ending December 31, 2020 as conducted or the Texas County and District Retirement System (TCDRS)
Mortality	For healthy retirees, the Pub-2010 General Retirees Tables for males and females are used. are used with male rates multiplied by 135% and female rates multiplied by 120%. Those rates are projected on a fully generational basis based on 120% of the ultimate rates of Scale MP-2021.
Health Care Trend Rates	Initial rate of 7.00% declining to an ultimate rate of 4.25% after 14 years.
Participation Rates	It was assumed that 80% of employees would choose to participate, if eligible.
Other Information:	
Notes	The discount rate changed from 3.71% as of December 31, 2018 to2.75% as of December 31, 2019 and to 2.00% as of December 31, 2020. the discount rate changed from 2.00% as of December 31, 2020 to 1.84% as of December 31, 2021. Additionally, demographic and salary increase assumptions were updated to reflect the 2021 TCDRS Experience Study.

The County's Retiree Health OPEB Liability (TOL), based on the above actuarial factors, as of September 30, 2023, the measurement and actuarial valuation date, was calculated as follows:

	Total OPEB Liability
Balance at December 31, 2021	$ 2,766,581
Changes for the Year:	
Service Cost	255,884
Interest on Total OPEB Liability	51,425
Change of Benefit Terms	-
Difference Between Expected and Actual Experience	401,334
Changes of Assumptions or Other Inputs	(519,511)
Benefit Payments, Including Refunds of Employee Contributions	(199,411)
Other Changes	-
Balance at December 31, 2022	$ 2,756,302

NOTE M - OTHER POST-EMPLOYMENT BENEFITS (Continued)

Kerr County Retiree Health Other Post-Employment Benefit Plan (Continued)

Methods and Assumptions Used to Determine Contribution Rates:

There is no separate trust maintained to fund this TOL. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement NO. 75 to pay related benefits. The following presents the TOL of the County, calculated using the discount rate of 4.05% as well as what the County's TOL would be if it were calculated using a discount rate that is 1-percentage point lower (3.05%) and 1-percentage point higher (5.05%) than the current rate:

	Discount Rate 3.05%	Current Discount Rate Assumption 4.05%	Discount Rate 5.05%
Total OPEB Retiree Health Insurance Liability	$ 3,062,888	$ 2,756,302	$ 2,485,016

The following presents what the total OPEB liability of the County would be if it were calculated using healthcare cost trend rates that are 1-percent lower or 1-percent higher than the current healthcare cost trends:

	1% Decrease	Current Healthcare Cost Trend Rate Assumption	1% Increase
Total OPEB Retiree Health Insurance Liability	$ 2,401,878	$ 2,756,302	$ 3,189,140

For the year ended September 30, 2023, the County recognized OPEB expense of $78,451. Also, as of September 30, 2023, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Economic Experience	$ -	$ 1,309,808
Changes in Actuarial Assumptions	1,209,445	-
Contributions Subsequent to the Measurement Date	101,529	-
	$ 1,310,974	$ 1,309,808

Deferred outflows of resources in the amount of $101,529 is related to OPEB benefits resulting from contributions subsequent to the measurement date and will be recognized as a reduction of the total TMRS OPEB liability for the plan year ended December 31, 2023. Amounts reported as deferred outflows and inflows of resources related to the County's Retired Health OPEB will be recognized in OPEB expense as follows:

For the Year Ended December 30,	
2023	$ (30,113)
2024	(30,113)
2025	(48,879)
2026	(40,031)
2027	73,809
Thereafter	(25,036)
	$ (100,363)

NOTE N - COMMITMENTS AND CONTINGENCIES

Economically Distressed Areas Program (EDAP)

Kerr County has received funding through the EDAP program which contains prohibitions on the transfer of certain revenues for non-utility purposes. Kerr County is compliant with applicable statutory requirements of the EDAP Program.

East Kerr Centerpoint Wastewater Collection Project

In 2018, the Texas Water Development Board (TWDB) awarded the County financial assistance in the amount of $27,801,400 from the Clean Water State Revolving Fund (CWSRF) and the Economically Distressed Areas Program (EDAP); all identified as TWDB Project 10366. There are two agreements within this project, as follows:

- Commitment No. LF1000748 in the amount of $10,096,400 and corresponding Commitment No. L1000681 in the amount of $4,330,000
- Commitment No. G1000904 in the amount of $11,270,000 and corresponding Commitment No. L1000884 in the amount of $2,105,000

In 2018, Kerr County was awarded Commitment No. LF1000748 and Commitment No. L1000681, TWDB Project 10366 (Intended Use Plan (IUP) Fiscal Year 2018), by the Texas Water Development Board (TWDB) in the form of a loan from the Clean Water State Revolving Fund (CWSRF) for the planning, design, and/or construction of a new wastewater collection system. TWDB determined the County qualified for principal forgiveness as a Disadvantaged Community and agreed to provide financial assistance in the amount of $14,426,400, consisting of $4,330,000 Kerr County, Texas Combination Tax and Surplus Revenue Certificates, 2018 (L1000681), and a subsidy in the form of loan forgiveness funds of $10,096,400 (LF1000748) without expectation of repayment of the $10,096,400. The loan and loan forgiveness funds were placed in a trust account under the name of Kerr County, but the TWDB holds the rights to those funds and the funds are only disbursed to the County as funds are expensed. In accordance with Exhibit G – Escrow Agreement of Principal Forgiveness Agreement, the proceeds received by the Escrow Agent under this Agreement shall not be considered a banking deposit of the County, and the Escrow Agent shall have no right to title with respect thereto except as Escrow Agent under the terms of this Agreement. The County spent $0 of the loan proceeds in the current year and $160,991 in the prior year and $3,091,089 of the loan forgiveness funds in the current year and $6,838,836 in the prior year leaving a loan proceeds balance of $4,169,009 and loan forgiveness balance of $166,475 plus all income earned on the funds.

In 2018, Kerr County was awarded Commitment No. G1000904 and Commitment No. L1000884, TWDB Project 10366, by the Texas Water Development Board (TWDB) from the Economically Distressed Areas Program (EDAP) to finance the certain wastewater system improvements. TWDB determined the County qualified for financial assistance not to exceed $13,375,000, consisting of the TWDB's purchase of $2,105,000 Kerr County, Texas Combination Tax and Revenue Certificates, 2019 (L1000884) and grant funds of $11,270,000 (G1000904), without expectation of repayment of the $11,270,000. The loan proceeds and grant funds were placed in a trust account under the name of Kerr County, but the TWDB holds the rights to those funds and the funds are only disbursed to the County as funds are expensed. In accordance with Exhibit E – Escrow Agreement of the Grant Agreement, the proceeds received by the Escrow Agent under this Agreement shall not be considered a banking deposit of the County, and the Escrow Agent shall have no right to title with respect thereto except as Escrow Agent under the terms of this Agreement. The

NOTE N - COMMITMENTS AND CONTINGENCIES (Continued)

Economically Distressed Areas Program (EDAP) – (Continued)

East Kerr Centerpoint Wastewater Collection Project (Cont.)

County spent $1,821,776 of the grant funds in the current year and $5,026,763 in prior years and $0 of the loan proceeds in the current year and $80,756 loan proceeds in the prior year leaving a grant balance of $4,421,461 and loan proceeds balance of $2,024,244 plus all income earned on the funds.

In 2016, Kerr County was awarded Commitment No. G1000435, TWDB Project 10366, by the Texas Water Development Board (TWDB) from the Texas Water Development Board (TWDB) in the form of a grant from the Clean Water State Revolving Fund (CWSRF) for the planning, design, and/or construction of a new wastewater collection system. TWDB determined the County qualified for financial assistance not to exceed $14,050,618, consisting of the TWDB's grant funds of $14,050,618 (G1000435), without expectation of repayment of the $14,050,618. The grant funds were placed in a trust account under the name of Kerr County, but the TWDB holds the rights to those funds and the funds are only disbursed to the County as funds are expensed. In accordance with Exhibit E – Escrow Agreement of the Grant Agreement, the proceeds received by the Escrow Agent under this Agreement shall not be considered a banking deposit of the County, and the Escrow Agent shall have no right to title with respect thereto except as Escrow Agent under the terms of this Agreement. The County spent $142,571 of the grant funds in the current year and $12,897,514 in prior years leaving a grant balance of $1,010,533.

In 2016, Kerr County was awarded Commitment No. L1000484, TWDB Project 10366, from the Texas Water Development Board (TWDB) in the form of a grant from the Clean Water State Revolving Fund (CWSRF) for the planning, design, and/or construction of a new wastewater collection system. TWDB determined the County qualified for financial assistance not to exceed $5,110,000. The grant funds were placed in a trust account under the name of Kerr County, but the TWDB holds the rights to those funds and the funds are only disbursed to the County as funds are expensed. In accordance with Exhibit E – Escrow Agreement of the Grant Agreement, the proceeds received by the Escrow Agent under this Agreement shall not be considered a banking deposit of the County, and the Escrow Agent shall have no right to title with respect thereto except as Escrow Agent under the terms of this Agreement. The County spent $0 of the loan funds in the current year and $4,537,553 in prior years leaving a loan balance of $572,447.

In 2012, Kerr County was awarded Commitment No. G1000036, TWDB Project 10366, by the Texas Water Development Board (TWDB) from the Texas Water Development Board (TWDB) in the form of a grant from the Clean Water State Revolving Fund (CWSRF) for the planning, design, and/or construction of a new wastewater collection system. TWDB determined the County qualified for financial assistance not to exceed $64,000, consisting of the TWDB's grant funds of $64,000 (G1000036). The grant funds were placed in a trust account under the name of Kerr County, but the TWDB holds the rights to those funds and the funds are only disbursed to the County as funds are expensed. In accordance with Exhibit E – Escrow Agreement of the Grant Agreement, the proceeds received by the Escrow Agent under this Agreement shall not be considered a banking deposit of the County, and the Escrow Agent shall have no right to title with respect thereto except as Escrow Agent under the terms of this Agreement. The County spent $27,000 of the grant funds in the current year and $33,286 in prior years leaving a grant balance of $3,715.

NOTE N - COMMITMENTS AND CONTINGENCIES (Continued)

Economically Distressed Areas Program (EDAP) – (Continued)

East Kerr Centerpoint Wastewater Collection Project (Cont.)

In 2017, Kerr County was awarded Commitment No. 7217045, TWDB Project 10366, by the Texas Department of Agriculture (TDA) from the Texas Community Development Block Grant Program (TxCDBG) to finance sewer improvements and provide first time sewer service to households in colonias. TDA determined the County qualified for financial assistance not to exceed $1,000,000 consisting of grant funds of $1,000,000 without expectation of repayment of the grant. The grant funds were placed in a trust account under the name of Kerr County, but the TDA holds the rights to those funds and the funds are only disbursed to the County as funds are expensed. The County spent $67,334 of the grant funds in the current year and $884,872 of the grant funds in previous years. The sewer improvements were completed in the 2022-2023 fiscal year.

In 2018, Kerr County was awarded Commitment No. 7218055, TWDB Project 10366, by the Texas Department of Agriculture (TDA) from the Texas Community Development Block Grant Program (TxCDBG) to finance sewer improvements and provide first time sewer service to households in colonias. TDA determined the County qualified for financial assistance not to exceed $500,000 consisting of grant funds of $500,000 and a county match of $25,000 without expectation of repayment of the grant. The grant funds were placed in a trust account under the name of Kerr County, but the TDA holds the rights to those funds and the funds are only disbursed to the County as funds are expensed. In 2021-22, Commitment No. 7218045 was combined with Commitment No. 7218055 for a financial assistance amount of $817,084 and a County match of $43,004 without expectation of repayment of the grant. The County spent $798,244 of the grant funds in the current year and matching funds of $42,013 and $0 of the grant funds and $1,116 in matching funds in previous years. The sewer improvements were completed in the 2022-2023 fiscal year.

NOTE N - COMMITMENTS AND CONTINGENCIES (Continued)

Investment in Joint Venture

Kerr County and the City of Kerrville are jointly liable for any losses produced by the Airport.

The following is a summary from the Airport Annual financial statements for the year ended September 30, 2023:

ASSETS		
Cash and Cash Equivalents	$	364,358
Receivables (net of allowance for uncollectibles)		6,507
Due from Other Governments		10,080
Prepaid Items		19,389
Property, Plant and Equipment (Net)		17,788,858
Total Assets		18,189,192
Deferred Outflows of Resources		75,796
LIABILITIES		
Current Liabilities		94,282
Net Pension Liability		75,761
OPEB Liabilites		27,563
Total Liabilities		197,606
Deferred Inflows of Resources		24,903
NET POSITION		
Net Investment in Capital Assets		17,782,260
Restricted for Capital Acquisitions & Pensions		56,838
Unrestricted Net Position		203,381
Total Net Position	$	18,042,479
REVENUES		
Charges for Services	$	558,685
Grants & Contributions		1,333,570
Total Revenues		1,892,255
EXPENSES		
Airport Operations		1,242,340
Total Expenses		1,242,340
OPERATING INCOME		649,915
GENERAL REVENUES		
Miscellaneous and Investment Earnings		2,342
Total General Revenues		2,342
Changes in Net Position		652,257
Net position - Beginning		17,390,222
Net Position - Ending	$	18,042,479

NOTE N - COMMITMENTS AND CONTINGENCIES (Continued)

Construction Commitments

	Total Commitment	Incurred Through September 30, 2023	Estimated Future Commitment
East Kerr Centerpoint Waste Water Project	$ 47,026,018	$ 34,362,426	$ 12,663,592

The Centerpoint Wastewater Project will be donated to the Kendall County Water Control & Improvement District #1 (KSCWID #1) once the Wastewater Plant is completed and all corresponding debt has been paid. The KCWCID #1 will be responsible for maintenance and operations once construction is complete and will lease the Wastewater Plant for $10 per year from the County until the debt is paid. KSCWID #1 will remit to the county on a monthly basis the value of the County's monthly payment of the reimbursed Wastewater System Debt. Annually, the County will calculate the debt service require to make the debt payment based upon the debt amortization schedules related the Texas Water Development Debt.

Litigation

The County is the subject of various claims and litigation that have arisen in the course of its operations. Management is of the opinion that the County's liability in these cases, if decided adversely to the County, will not have a material effect on the County's financial position.

Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The County carries commercial insurance for all such risks. During the year ended September 30, 2023, settled claims resulting from these risks did not exceed commercial insurance coverage.

NOTE O - TAX ABATEMENTS

The County of Kerr promotes economic development within the County with both sales tax rebates and property tax rebate incentives. The guidelines for a sales tax rebate, when offered is to attract new businesses, commercial activity and to retain or expand primary employment within the County. The County's policy is to follow Chapter 381 of the Texas Local Government Code. Stimulation of business and commercial activity and the creation and retention of job opportunities within the county is the highest priority. Tax abatement incentives are generally the same, with the exception of the following Chapter 312 of the Texas Tax Code. Criteria for recapture of the agreements are in effect for each agreement entered into by the County.

APPENDIX D

FORM OF BOND COUNSEL'S LEGAL OPINION

McCALL PARKHURST & HORTON
Focused on Public Finance since 1919.

_____, 2024

KERR COUNTY, TEXAS
TAX NOTES, SERIES 2024
DATED AS OF _____, 2024
IN THE AGGREGATE PRINCIPAL AMOUNT OF $_____

AS BOND COUNSEL FOR KERR COUNTY, TEXAS (the "***County***") we have examined into the legality and validity of the Tax Notes described above (the "***Notes***"), which bear interest from the dates specified in the text of the Notes until stated maturity, at the rates and payable on the dates as stated in the text of the Notes, and which mature on the dates, all in accordance with the terms and conditions stated in the text of the Notes. Terms used herein and not otherwise defined shall have the meaning given in the order of the County authorizing the issuance and sale of the Notes (the "***Order***").

WE HAVE EXAMINED the applicable and pertinent provisions of the Constitution and laws of the State of Texas and a transcript of certified proceedings of the County, and other pertinent instruments authorizing and relating to the issuance of the Notes including (i) the Order, (ii) one of the executed Notes (Note No. T-1), and (iii) the County's Federal Tax Certificate of even date herewith.

BASED ON SAID EXAMINATION, IT IS OUR OPINION that the Notes have been duly authorized, issued and delivered in accordance with law; that except as the enforceability thereof may be limited by governmental immunity and bankruptcy, insolvency, reorganization, moratorium, liquidation and other similar laws now or hereafter enacted relating to creditors' rights generally or by general principles of equity which permit the exercise of judicial discretion, the Notes constitute valid and legally binding obligations of the County; and that ad valorem taxes sufficient to provide for the payment of the interest on and principal of said Notes have been levied and pledged for such purpose, within the limit prescribed by law.

IT IS FURTHER OUR OPINION, except as discussed below, that the interest on the Notes is excludable from the gross income of the owners for federal income tax purposes under the statutes, regulations, published rulings, and court decisions existing on the date of this opinion. We are further of the opinion that the Notes are not "specified private activity bonds" and that, accordingly, interest on the Notes will not be included as an individual alternative minimum tax preference item under section 57(a)(5) of the Internal Revenue Code of 1986 (the "***Code***"). In expressing the aforementioned opinions, we have relied on, certain representations, the accuracy of which we have not independently verified, and assume compliance with certain covenants, regarding the use and investment of the proceeds of the Notes and the use of the property financed therewith. We call your attention to the fact that if such representations are determined to be inaccurate or upon a failure by the County to comply with such covenants, interest on the Notes may become includable in gross income retroactively to the date of issuance of the Notes.

EXCEPT AS STATED ABOVE, we express no opinion as to any other federal, state or local tax consequences of acquiring, carrying, owning or disposing of the Notes, including the amount, accrual or receipt of interest on, the Notes. Owners of the Notes should consult their tax advisors regarding the applicability of any collateral tax consequences of owning the Notes.

WE CALL YOUR ATTENTION TO THE FACT that the interest on tax-exempt obligations, such as the Bonds, may be included in a corporation's adjusted financial statement income for purposes of determining the alternative minimum tax imposed on corporations by section 55 of the Code.

WE EXPRESS NO OPINION as to insurance policies issued with respect to the payments due for the principal of and interest on the Notes, if any, nor as to any such insurance policies issued in the future.

OUR OPINIONS ARE BASED ON EXISTING LAW, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue Service (the "***Service***"); rather, such opinions represent our legal judgment based upon our review of existing law and in reliance upon the representations and covenants referenced above that we deem relevant to such opinions. The Service has an ongoing audit program to determine compliance with rules that relate to whether interest on state or local obligations is includable in gross income for federal income tax purposes. No assurance can be given whether or not the Service will commence an audit of the Notes. If an audit is commenced, in accordance with its current published procedures the Service is likely to treat the County as the taxpayer. We observe that the County has covenanted not to take any action, or omit to take any action within its control, that if taken or omitted, respectively, may result in the treatment of interest on the Notes as includable in gross income for federal income tax purposes.

OUR SOLE ENGAGEMENT in connection with the issuance of the Notes is as Bond Counsel for the County, and, in that capacity, we have been engaged by the County for the sole purpose of rendering an opinion with respect to the legality and validity of the Notes under the Constitution and laws of the State of Texas, and with respect to the exclusion from gross income of the interest on the Notes for federal income tax purposes, and for no other reason or purpose. The foregoing opinions represent our legal judgment based upon a review of existing legal authorities that we deem relevant to render such opinions and are not a guarantee of a result. We have not been requested to investigate or verify, and have not independently investigated or verified, any records, data, or other material relating to the financial condition or capabilities of the County, or the disclosure thereof in connection with the sale of the Notes, and have not assumed any responsibility with respect thereto. We express no opinion and make no comment with respect to the marketability of the Notes and have relied solely on Notes executed by officials of the County as to the current outstanding indebtedness of, and assessed valuation of taxable property within, the County. Our role in connection with the County's Official Statement prepared for use in connection with the sale of the Notes has been limited as described therein.

Respectfully,